

STANDING COMMITTEE REPORTS

SCRep. 1 Legislative Management

Informing the House that House Bill Nos. 1 to 163, House Resolution Nos. 8 to 163 and House Concurrent Resolution Nos. 2 to 7 have been printed and distributed.

Signed by all members of the Committee.

SCRep. 2 Legislative Management

Informing the House that House Bill Nos. 164 to 411, House Resolution Nos. 164 to 178 and House Concurrent Resolution Nos. 8 to 11 have been printed and distributed.

Signed by all members of the Committee.

SCRep. 3 Finance on H. B. No. 3

The purpose of this bill is to appropriate funds for defraying the expenses of the Ninth Legislature up to June 30, 1978, and for the Legislative support agencies during the fiscal year 1977-78.

Upon consideration of the bill, your Committee recommends that the specific amounts for the required appropriation be added to the bill along with two provisos relating to the legislative auditor and to the revisor of statutes.

SENATE AND HOUSE OF REPRESENTATIVES

\$1,526,400 is appropriated for the Senate and \$1,974,519 is appropriated for the House of Representatives, and these amounts represent a five percent increase over the prior year's appropriations. Your Committee finds the increase necessary to meet existing costs for the fundamental needs of the Legislature for such items as equipment, supplies, staff services and other expenses.

LEGISLATIVE AUDITOR

The appropriation for the Office of the Legislative Auditor to meet the basic operating budget of that office is \$912,094. Your Committee has added a proviso stipulating that \$2,500, or so much thereof as may be necessary is to be used for the preparation and publication of a taxation and finance manual for the next constitutional convention. Also appropriated to the office is \$150,000 for special studies to be jointly determined by the President of the Senate and the Speaker of the House of Representatives.

STATE ETHICS COMMISSION

The budget request of \$87,000 is approved and appropriated for the purposes of the State Ethics Commission for the fiscal years 1977-78.

LEGISLATIVE REFERENCE BUREAU

Your Committee approves the appropriation of \$620,927 for the Legislative Reference Bureau for the fiscal year 1977-78, which includes funds for the operation of the Legislature's Public Information Office.

REVISOR OF STATUTES

Your Committee recommends that the appropriation for the Office of the Revisor of Statutes be \$429,358. A proviso is added which authorizes the revisor to use certain funds for the replacement volumes to the Hawaii Revised Statutes. Your Committee further recommends that the revisor give due consideration to contracting for a reasonable number of sets of the replacement volumes and that the sale price of these volumes be at such an amount so as to recover a fair portion of the cost of the publication.

OMBUDSMAN

The budget request for the Office of the Ombudsman for the fiscal year 1977-78 is \$277,669 and your Committee recommends that such amount be appropriated for the

purposes of the office.

LAPSING OF FUNDS

Appropriations under this bill are subject to lapse as of June 30, 1978.

Your Committee is mindful of its overall responsibility to meet the funding requirements of other public programs. Your Committee finds that the appropriations recommended in this bill will provide for the most fundamental of legislative needs.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 3, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 4 Legislative Management

Informing the House that House Bill Nos. 412 to 423, House Resolution Nos. 179 to 189 and Standing Committee Report Nos. 3 and 5 have been printed and distributed.

Signed by all members of the Committee.

SCRep. 5 Finance on H. B. No. 10

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

Your Committee received testimony under two short form bills, H.B. No. 10 and H.B. No. 188, and also received claims submitted by the Department of Budget and Finance under transmittal letter dated January 20, 1977.

Your Committee has reviewed the claims set forth in the testimony and transmittals from the Department of Budget and Finance and your Committee proposes that these claims be incorporated in its revision of H.B. No. 10.

As amended by your Committee, this bill appropriates the total sum of \$151,625.01 representing 24 individual claims for legislative relief pursuant to Section 37-77 and Chapter 662, Hawaii Revised Statutes. Your Committee recommends the payment of these individual claims be authorized by the Legislature.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 10, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 10, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 6 Legislative Management

Informing the House that House Bill Nos. 424 to 473, House Resolution Nos. 190 to 199 and House Concurrent Resolution No. 12 have been printed and distributed.

Signed by all members of the Committee.

SCRep. 7 Finance on H. B. No. 15

The purpose of this bill is to reorganize the Hawaii statute revision program.

The reorganization proposal made by this bill will transfer the statute revision and publications of laws program from the office of the revisor of statutes to the legislative reference bureau. The intent is to clarify matters of the administration of the office of the revisor of statutes and to place the entire program under the legislative branch. At the present time, staff appointments for the office are made by the Supreme Court,

but the office functions are under the legislative reference bureau for administrative purposes. This organization scheme is not conducive toward the maximum use and efficiency of the revisor, and the full advantage of the office to the State is not realized. A meaningful improvement in the legislative process will result from the full transition of the revisor into the legislative branch.

A further intent of this bill is to increase the efficiency of the legislative service agencies. It proposes to reorganize the statute revision and publication program by combining it with related legislative services that are rendered by the office of the legislative reference bureau. The office of the revisor of statutes as a separate agency is to be abolished and all of its functions are to be transferred to the bureau. The appointing and approving power of the supreme court over the revisor will be terminated.

The director of the bureau or a person delegated by him will become the "revisor of statutes" (or "revisor"), thus preserving the designation recognized among the various states for the official charged with the statute revision program.

The bureau will be responsible for:

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

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

Noncivil service employees (the revisor and two assistant revisors) will be transferred to the bureau as legislative researchers. Given the current salary range of positions in the bureau, the revisor and his assistants should receive substantial salary increases upon being transferred to the bureau. The present revisor can retain his title and position. Civil service employees (two clerks) will be given the option of remaining in civil service by shifting to positions in the judiciary or transferring to positions in the bureau exempted from civil service. No loss of any other right of public employment will result from this reorganization of the office of the revisor.

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

Your Committee has amended this bill by inserting language referring to replacement volumes in line 10, page 1 and lines 2 and 3, page 3. Your Committee has also deleted the words "senior or associate legislative researcher" from lines 19 and 20, page 8.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 15, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 15, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 8 Legislative Management

Informing the House that House Bill Nos. 474 to 500, House Resolution Nos. 200 to 207, House Concurrent Resolution No. 7 and Special Committee Report Nos. 3 and 4 have been printed and distributed.

Signed by all members of the Committee.

SCRep. 9 Legislative Management

Informing the House that House Bill Nos. 501 to 526, House Resolution Nos. 208 to 217 and House Concurrent Resolution No. 14 have been printed and distributed.

Signed by all members of the Committee.

SCRep. 10 Legislative Management

Informing the House that House Bill Nos. 527 to 574, House Resolution Nos. 218 to 229, and House Concurrent Resolution Nos. 15 to 20 have been printed and distributed.

Signed by all members of the Committee.

SCRep. 11 Water, Land Use, Development and Hawaiian Homes on H.R. No. 163

The purpose of this Resolution is to request Governor George Ariyoshi to (1) direct the appropriate state agencies including the Department of the Attorney General, and (2) request the cooperation of the appropriate Federal agencies, to provide the necessary and appropriate technical data and legal assistance for community groups preparing appeals against the provisions of the Flood Disaster Protection Act of 1973.

Your Committee feels that because of the legal and technical complexity of the subject matter, community groups will find it virtually impossible, without the necessary assistance, to appeal decisions by the Army Corps of Engineers designating flood hazard areas as required under the Flood Disaster Protection Act of 1973.

The Resolution has been amended by deleting reference to individuals preparing appeals and confining it to community groups preparing appeals. Under existing state laws the Department of the Attorney General may not provide legal assistance to private individuals or groups, but it may provide and render legal assistance only in the event that an appeal is taken in the name of the community itself.

For the purpose of clarity, your Committee has divided the first WHEREAS clause, creating an additional WHEREAS clause. Minor language changes have also been made.

Your Committee on Water, Land Use, Development and Hawaiian Homes concurs with the intent and purpose of H.R. No. 163, as amended herein, and recommends its adoption in the form attached hereto as H.R. No. 163, H.D. 1.

Signed by all members of the Committee.

SCRep. 12 Legislative Management

Informing the House that House Bill Nos. 575 to 616, House Resolution Nos. 230 to 250, House Concurrent Resolution Nos. 21 to 24 and Standing Committee Report No. 11 have been printed and distributed.

SCRep. 13 Legislative Management

Informing the House that House Bill Nos. 617 to 652, House Resolution Nos. 251 to 263, House Concurrent Resolution Nos. 25 and 26 and Standing Committee Report No. 14 have been printed and distributed.

Signed by all members of the Committee.

SCRep. 14 Finance on H. B. No. 185

The purpose of this bill is to provide the State with clear authorization to invest in bank repurchase agreements.

Although section 36-21, Hawaii Revised Statutes, appears to permit the State to invest in bank repurchase agreements, this authorization is not explicitly stated. This bill is a housekeeping measure to clarify the statutory language by expressly providing for this type of short-term investment.

A repurchase agreement is a short-term investment security that provides a great deal of flexibility because it can be purchased for a holding period of less than 30 days.

Essentially, a bank repurchase agreement involves the purchase of an investment security (usually a government obligation, for example, a United States Treasury Bill)

from a bank and the simultaneous resale of the security to the bank at a specified future delivery and payment date. It guarantees the investor a fixed rate of return at no risk of loss of principal and affords the bank an opportunity to maximize its earnings on the investor's moneys for the agreed period. Prices and dates for sale and resale are agreed upon at the initial negotiation. Bank repurchase agreements are useful investment instruments which provide interest income and at the same time can be quickly liquidated to meet short-term cash demands.

Your Committee agrees that bank repurchase agreements would provide the State with the necessary liquidity to meet unanticipated expenditures consistent with the objectives of safety and yield. This bill will grant to the State a similar authorization which was granted to the counties by the 1976 Legislature.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 185 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 15 Legislative Management

Informing the House that House Bill Nos. 653 to 699, House Resolution Nos. 264 to 270, House Concurrent Resolution Nos. 27 to 31 and Special Committee Report No. 4 have been printed and distributed.

Signed by all members of the Committee.

SCRep. 16 Legislative Management

Informing the House that House Bill Nos. 700 to 747, House Resolution Nos. 271 to 293, and House Concurrent Resolution No. 32 have been printed and distributed.

Signed by all members of the Committee.

SCRep. 17 Legislative Management

Informing the House that House Bill Nos. 748 to 824, House Resolution Nos. 294 to 305, House Concurrent Resolution No. 33 and Standing Committee Report Nos. 18 to 22 have been printed and distributed.

Signed by all members of the Committee.

SCRep. 18 Consumer Protection and Commerce on H. B. No. 174

The purpose of this bill is to amend Sec. 103-22 of the Hawaii Revised Statutes, to clarify and identify the responsibility of determining purposes which do not admit of competition and may be exempt from the bidding requirement. To implement this intent, the bill specifically requires the comptroller's concurrence in determining such purposes.

The present statute does not make it clear that the comptroller has the duty to determine which expenditures do not admit to competition and may be exempt from the bidding requirement. According to the Department of Accounting and General Services, the comptroller is not presently being consulted ahead of time on these determinations. Without this procedure, departments may make inappropriate commitments.

Your Committee recommends an amendment stipulating that the comptroller's concurrence for such exemptions be in writing to insure a formal workable means to allow exemptions when appropriate. Such amendment would read as follows:

"As concurred to by the comptroller, in writing, in the case of the State or the finance director, in writing, in the case of the counties."

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

and purposes of H.B. 174 as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. 174, H.D. 1, and be referred to the Committee on Public Employment and Government.

Signed by all members of the Committee.

SCRep. 19 Consumer Protection and Commerce on H. B. No. 164

The purpose of this bill is to make it explicit that any contract for the furnishing of services by an unlicensed person shall be void, and shall prevent such persons from recovering the contract price or the reasonable value thereof. To implement this intent, the word "services," previously omitted, is included with the word "commodities" in the section pertaining to void contracts.

Presently, Sec. 487-13(c) of the Hawaii Revised Statutes is silent on the enforceability of contracts for services by unlicensed persons. To allow an unlicensed person to profit from an unlawful act is contrary to the intent of the licensing laws.

Your Committee agrees that this bill would be an effective approach to eliminating the chronic problem of unlicensed persons operating in the open market. Your Committee is in accord with the intent and purposes of H.B. No. 164 and recommends it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 20 Consumer Protection and Commerce on H. B. No. 219

The purpose of this bill is to reduce the amount of floor space and cost required for record storage by amending Sec. 502-31, Hawaii Revised Statutes, to allow a 100% microfilmed recording system.

Presently, the bureau makes an entire, literal copy of all instruments required to be recorded in books. The books number 800 annually, and take up valuable floor space. At this rate, the bureau's present office will be outgrown within five years.

Under a microfilmed recording system, records books would be eliminated and records will be microfilmed and viewed through microfilmed readers, conserving space indefinitely. Moreover, the current records book system costs \$20,000 annually, whereas, a flat \$14,000 would implement a microfilm recording system.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. 219 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 21 Consumer Protection and Commerce on H. B. No. 227

The purpose of this bill is to amend Sect. 482E-3, of the Franchise Investment Law to require that at the time of registration, the relevant disclosure requirements be set forth in the Offering Circular rather than in the application itself to expedite administration procedures.

Present law does not specify what information the Offering Circular shall contain. The bill also authorizes the Director of Regulatory Agencies to accept Offering Circulars from other jurisdictions which substantially meet the requirements of Hawaii Law. Your Committee is in agreement that the elimination of the detailed information in the application would improve administration.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. 227 and recommends that it pass Second Reading and be placed on the Calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 22 Finance on H. B. No. 186

The purpose of this bill is to amend Section 2484, Hawaii Revised Statutes, to require that the counties submit their budgets directly to the Legislature instead of through the Director of Finance, and to eliminate the control that the Director of Finance now has related to the form in which county budgets may be submitted.

Your Committee finds that the requirement for the Director of Finance to act as a clearing-house for forwarding the county budgets to the Legislature has served no practical purpose. The Department of Budget and Finance does not exercise control over the content of the county budgets, and the need to regulate the format of the county budget submission has not arisen. Therefore, the effect of the current law has been to add on unnecessary handling expenses and time delay to the transmission of the county budgets to the Legislature.

Your Committee agrees that legislative control over county budget information is still necessary and your Committee, therefore, has amended this bill by revising the last sentence of Section 248-4 to read: "The form in which budgets shall be submitted and the itemization thereof may be prescribed by the legislature which may require the inclusion therein of relevant information concerning the last two completed fiscal years."

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 186, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 186, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 23 Legislative Management

Informing the House that House Bill Nos. 825 to 853, House Resolution Nos. 306 to 318, House Concurrent Resolution Nos. 34 to 39 and Standing Committee Report Nos. 24 and 25 have been printed and distributed.

Signed by all members of the Committee.

SCRep. 24 Consumer Protection and Commerce on H. B. No. 226

The purpose of this act is to amend Sec. 431-521, Hawaii Revised Statutes by adding a new subsection which prohibits group disability income provisions that reduce insurance benefits when Social Security benefits to insureds are increased.

Presently, many group disability insurance policies have a provision that integrate benefits under the policy with Social Security benefits. Thus, every time there is an upward adjustment in Social Security benefits to meet the rising cost of living, disability insurance benefits are reduced accordingly.

In most cases, members covered by such group disability policies are unaware of this 'offset' provision until a claim arises. Moreover, the intent of Social Security benefits and insurance is to benefit the recipient and not the insurer.

If enacted into law, this bill would become effective September 1, 1977.

Your Committee recommends an amendment extending the effective date to January 1, 1978 to allow smoother implementation. Such an amendment would be as follows:

"SECTION 3. This act shall take effect January 1, 1978."

Your Committee on Consumer Protection and Commerce is in accord with the intent and purposes of this bill as amended herein and recommends that it pass Second Reading in the form attached hereto as H. B. 226, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 25 Ocean and Marine Resources on H. B. No. 129

The purpose of this Act is to provide for the development, coordination and practical application of ocean and marine programs in Hawaii by appropriating funds to the Marine Affairs Coordinator to be expended in support of marine educational programs.

Your Committee finds a direct and significant relationship between state policies, programs, and the awareness and understanding of the general public. No long term goals can be achieved without a dissemination of the information upon which major decisions have been made.

Your Committee recognizes that it is preferable to enlist the talents and personal resources of private citizens rather than depend solely on public finances and governmental efforts. This approach is consistent with the responsibilities of a democratic government to inform and educate the electorate.

Your Committee finds that the Marine Affairs Coordinator is in a unique position to facilitate reliable funding of needed educational programs. The Marine Affairs Coordinator has the authority to cross departmental lines in its efforts to administer well planned marine programs. That office is the most logical agency to judge which programs are most consistent with the state's overall marine plans. Even the University of Hawaii and the Department of Education, whose missions are more directly concerned with education in general, are not in positions to evaluate marine education programs in relation to the policies they support.

Your Committee recognizes that the aquarium has a tremendous potential to offer a number of educational opportunities both for the general public and for students at all levels of the formal educational system. The aquarium could become our window to the sea comparable to the John G. Shedd Aquarium in Chicago, the Vancouver Public Aquarium in British Columbia, the Steinhart Aquarium in San Francisco, or the Wayland Vaughan Aquarium-Museum at Scripps Institute of Oceanography in La Jolla. There is no reason why, given Hawaii's resources, our aquarium could not be the most exemplary aquarium in the world.

Our present situation is far from ideal. The most basic educational program at our meager aquarium was not included in this year's budget proposal. The viewing glass on a number of the tanks is in need of replacement, and there is a reluctance to raise the admission fee above 25¢ for fear visitors would not consider it worth the price.

Your Committee finds that the least we must do is to support what programs there are, and to ensure that funds appropriated are actually spent.

As a beginning, your Committee recommends that there be appropriated out of the general fund \$80,000 or so much thereof as may be necessary to the Marine Affairs Coordinator to be expended for educational programs developed by the aquarium.

Your Committee is distressed by statistics accumulated at Camp Kualoa indicating that over 75% of our intermediate school children cannot swim 50 yards using any style in any time period. Many of these non-swimmers fish and surf. There is an obvious need to equip our citizens with a certain competence in enjoying the ocean. Swimming is basic to this. Testimony at a recent hearing indicated that field trips must be limited because many children simply are not equipped to safely interact with our marine environment.

In addition, your Committee acknowledges the need for an adequate field trip system, including funds to hire substitutes to cover classes during field trips, monies for field trip transportation, and a general effort to promote the ocean experience as an integral element of any child's basic education.

Therefore, your Committee further recommends that \$30,000 be appropriated out of the general fund to the Marine Affairs Coordinator to be expended for programs developed by the Department of Education for "drown proofing" our children, and to expand the quality and number of field trips at the elementary and secondary levels. When possible, the Department of Education and the aquarium are encouraged to cooperate for marine education programs.

Your Committee on Ocean and Marine Resources is in accord with the intent and purpose of H.B. 129, as amended herein, and recommends that it pass second reading in the

form attached hereto as H. B. No. 129, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 26 Finance on H. B. No. 326

The purpose of this bill is to provide an additional one-time grant-in-aid to the City and County of Honolulu as an adjustment due to the establishment of the sixty per cent real property tax assessment ratio.

Additional one-time grants-in-aid to the Counties of Kauai, Maui and Hawaii were authorized in Act 226, SLH 1976. Your Committee has since learned that these one-time grants-in-aid have been released to the above counties in amounts that enable the counties to experience no loss of real property tax revenues below fiscal year 1975-76 levels. This bill would provide a similar one-time grant-in-aid to the City and County of Honolulu.

Your Committee has amended the bill to provide an appropriation of \$803,000. This amount will be in addition to the \$8.7 million grant-in-aid that the State provides the City and County of Honolulu annually. The additional one-time grant-in-aid provided in this bill will enable the City and County of Honolulu to experience no loss of real property tax revenues below what was realized in fiscal year 1975-76.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 326, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 326, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 27 Corrections and Rehabilitation on H. B. No. 63

The purpose of this Act is to establish and maintain a career development and training program for corrections officers and personnel.

Under present practice, there is a limited orientation for corrections officers, but no comprehensive career development and training program for those employees. Your Committee believes that such training will create a better institutional environment both for the personnel and the inmates. An expanded and systematic training program for State corrections officers particularly geared to the requirements of Youth Correctional Officers and Adult Correctional Officers is necessary because of the sensitive relationship between these corrections officers and inmates.

The Corrections Division of the Department of Social Services and Housing estimates the total cost of such a training and career development program to be \$221,053 for the biennium. Of this, \$86,356 has been committed by LEAA with an additional cash contribution of \$9,595 pledged by the Department of Social Services and Housing, Corrections Division. Therefore, your Committee recommends an amendment for the purpose of appropriating additional funds, in the amount of \$125,102 necessary to carry out the purposes of this Act. Such amendment would be as follows:

- (a) Section 3. There is appropriated out of the general revenues of the State of Hawaii the sum of \$125,102 or so much thereof as may be necessary, for the establishment and maintenance of a career development and training program for corrections

Your Committee on Corrections and Rehabilitation is in accord with the intent and purpose of H. B. No. 63 as amended herein, and recommends that it be referred to the Committee on Public Employment and Government Operations in the form attached hereto as H. B. No. 63, H.D. 1.

Signed by all members of the Committee.

SCRep. 28 Legislative Management

Informing the House that House Bill Nos. 854 to 892, House Resolution Nos. 319 to 327, House Concurrent Resolution Nos. 40 to 42 and Standing Committee Report Nos. 26 and 27 have been printed and distributed.

Signed by all members of the Committee.

SCRep. 29 Legislative Management

Informing the House that House Bill Nos. 893 to 957, House Resolution Nos. 328 to 339, House Concurrent Resolution Nos. 43 to 46 and Standing Committee Report Nos. 30 to 32 have been printed and distributed.

Signed by all members of the Committee.

SCRep. 30 Housing on H. R. No. 111

The purpose of this resolution is to request the Department of Land and Natural Resources to review the practices and performance of its department in disposing of public lands for residential purposes.

This review is to include a breakdown of the number of persons who have acquired residence lots by auction and by drawing during the past five years; a breakdown of the incomes of persons who have been served by this program; the prices at which houselots have been purchased through auction or through drawing; the feasibility of transferring the powers of disposing of public lands to the Hawaii Housing Authority; the feasibility of eliminating the income limitation set forth in Section 171-48, Hawaii Revised Statutes; the feasibility of eliminating the disposition of public lands by auction; and a discussion of any problems which have been encountered in administering this program.

In a housing study entitled Housing for Hawaii's People (dated January, 1977) it is stated that one of the required policies of the State in achieving its housing objectives would be to "continue to provide sufficient land, including State land, to accommodate future housing needs." In view of the fact that the Department of Land and Natural Resources does regularly dispose of a substantial amount of public lands for residential use, your Committee feels that a more thorough assessment of this program should be made. Such a review would provide your Committee with an opportunity to evaluate the role and effectiveness of residential lot dispositions in meeting the overall State housing objectives.

Your Committee adopted the recommendation of the Department of Land and Natural Resources by amending the deadline of submission of their report to the House of Representatives from February 25, 1977 to March 11, 1977.

Your Committee on Housing concurs with the intent and purpose of H.R. 111, as amended herein, and recommends that it be referred to the Committee on Water, Land Use Development and Hawaiian Homes, in the form attached hereto as H.R. 111, H.D. 1.

Signed by all members of the Committee.

SCRep. 31 Ocean and Marine Resources on H. B. No. 126

The purpose of this Act is to assert the Legislative mandate for the Marine Affairs Coordinator's powers and duties, to reaffirm the need for goals, objectives and criteria in providing matching funds for federally funded projects, and to ensure that those programs and projects that are consistent with Hawaii's needs do receive the necessary financial support.

Under the present law, Sec. 218-3 HRS, all the powers and duties of the Marine Affairs Coordinator are subject to the Governor's approval. Your Committee is in agreement with the placement of the Marine Affairs Coordinator under the Governor's office, but recognizes that this additional Legislative constraint has in the past discouraged the Marine Affairs Coordinator from taking the initiative, especially in developing crucial

plans, objectives and criteria for marine affairs in the State.

To clarify the Legislative intent of Act 137-70, your Committee recommends the deletion of the wording "Subject to the Governor's Approval" in regard to Marine Affairs Coordinator's powers and duties to encourage the MAC to take the initiative in exercising their statutorily prescribed powers and duties.

Your Committee recognizes that where projects are funded by both the State and the Federal Government, at least two sets of criteria are used to evaluate the need for such projects. It is only reasonable that the State use its financial resources for efforts consistent with its own goals. In the past, those goals, objectives and criteria have not been clearly defined.

To clarify the need to apply Hawaii's criteria for funding, your Committee recommends that Sec. 218-3 (a) be amended to include the following language: "including plans, objectives and criteria for the expenditure of state matching funds for federally funded projects based on the needs and goals of the State of Hawaii."

A major problem for marine programs has been funding. Sufficient Sea Grant matching funds have not been available to promote all needed programs. To rectify this, your Committee recommends that a portion of the Marine Affairs Coordinator's budget be earmarked for Sea Grant matching funds. This bill appropriates the sum of \$400,000 or so much thereof as is necessary to be expended by the Marine Affairs Coordinator as matching funds for Sea Grant projects that conform to the plans, objectives and criteria established by that office.

Your Committee on Ocean and Marine Resources is in accord with the intent and purpose of H.B. 126 as amended herein, and recommends that it pass second reading with form attached hereto as H.B. No. 126, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 32 Health on H. R. No. 82

The purpose of this resolution is to have the Departments of Health and Education incorporate and direct public health education efforts towards preventive health care into present health education programs.

Testimony presented before your committee supports the intent of the resolution and places emphasis on the problems of alcoholism among students.

Your Committee on Health concurs with the intent and purpose of H.R. No. 82 and recommends that it be referred to the Committee on Education.

Signed by all members of the Committee.

SCRep. 33 Housing on H. R. No. 114

The purpose of this resolution is to urge Hawaii Housing Authority to make best social and economic use of available urban lands by pursuing development proposals which are lowrise, and duplex, townhouse or multiple-unit in configuration.

Your Committee believes that in view of the limited amount of urban public lands available for residential use, these lands could be best utilized by pursuing such development proposals.

Your Committee on Housing concurs with the intent and purpose of H.R. No. 114 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 34 Housing on H. R. No. 112

The purpose of this resolution is to request a review of the program operations of the Hawaii Housing Authority.

This review is to be conducted by the House Committee on Housing and is to be submitted, along with any findings or recommendations to the House of Representatives not less than twenty (20) days prior to the 1978 Legislative Session.

Your Committee believes that in order to effectively implement programs designed to address housing needs, current and anticipated operating level problems in continuing programs need to be reviewed and resolved.

Your Committee on Housing concurs with the intent and purpose of H.R. No. 112 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 35 Housing on H. R. No. 109

The purpose of this resolution is to urge the Hawaii Housing Authority to place priority on the use of well-situated urban public lands for housing development under Chapter 359G and to request the Department of Land and Natural Resources to assist the Authority in using urban public lands for this purpose.

Your Committee believes that use of public lands in existing urban areas would result in conveniently located housing in close proximity to employment centers, shopping centers, entertainment centers, medical facilities and good transportation systems. Such use of urban public lands could also result in overall reduced development costs, as developments in rural and urban fringe areas often require initial, large public capital expenditures in the form of transportation facilities, utilities and public facilities.

Your Committee on Housing concurs with the intent and purpose of H.R. No. 109 and recommends its adoption.

Signed by all member of the Committee.

SCRep. 36 Health on H. R. No. 90

The purpose of this resolution is to have the Department of Health conduct a study of health care costs in the State of Hawaii.

Your Committee recognizes the need to identify cost components and their influence on health care cost, future health care cost, and alternative solutions to control health care cost.

Your Committee has amended the resolution to read: "Be it further resolved that the Department of Health submit a report of its findings and recommendations at least twenty days prior to the convening of the Regular Session of 1978; and".

Your Committee on Health concurs with the intent and purpose of H.R. No. 90 as amended herein, and recommends its adoption in the form attached hereto as H.R. No. 90, H.D. 1.

Signed by all members of the Committee.

SCRep. 37 Employment Opportunities and Labor Relations on H. R. No. 141

The purpose of this resolution is to request the United States Congress to extend the Federal Supplemental Benefits Program beyond its current expiration date of March 31, 1977 and to revise the formula which makes the program operational in the states.

The Federal Supplemental Benefits Program provides additional unemployment insurance benefit payments to claimants who have exhausted their unemployment insurance benefits under the state program which allows for payments of up to 26 weeks under normal conditions and up to 39 weeks during periods of high unemployment. Under the federally funded Federal Supplemental Benefits Program, claimants become eligible for another 13 weeks when the insured employment rate in the state is at least five per cent but less than six per cent and a second 13 weeks when the state's insured employment rate is six per cent or higher. Thus, payments may be made for a total duration of 26 weeks

under this program.

Testimony presented to your Committee by the Department of Labor and Industrial Relations revealed that the Federal Supplemental Benefits Program is funded through the Extended Unemployment Compensation Account, which is subsidized solely by employers' federal unemployment taxes. These taxes are also used to finance the administration of the unemployment insurance program in the states and to advance repayable loans to states which have depleted their unemployment trust funds.

In keeping with the intent of the unemployment compensation program to insure workers against the risk of unemployment through employer taxes which are based on the wages of their respective workers, your Committee has deleted references to revising the formula which makes the Federal Supplemental Benefits Program operational in the states. Your Committee recognizes that revising the formula base from the State's insured unemployment rate to the total unemployment rate allows for the coverage of uninsured workers and places an unnecessary burden on employers who are financing the Federal Supplemental Benefits Program through their taxes. Therefore, your Committee has amended the title of the resolution and deleted any references to formula revision. However, your Committee still supports the need for the extension of the program past its March 31, 1977 expiration date.

Your Committee on Employment Opportunities and Labor Relations is in accord with the intent and purpose of H.R. No. 141, as amended herein, and recommends its adoption in the form attached hereto as H.R. No. 141, H.D. 1.

Signed by all members of the Committee.

SCRep. 38 Employment Opportunities and Labor Relations on H. R. No. 134

The purpose of this resolution is to request the United States Congress to increase appropriations for the Comprehensive Employment and Training Act (CETA) which would make more funds available to the states for manpower program services.

The Comprehensive Employment and Training Act (CETA) passed by the United States Congress in 1973 has assisted the State in alleviating its unemployment problem through a comprehensive range of manpower programs and services. Hawaii has benefited especially by CETA public service employment programs which have provided needed services to the state's residents.

During testimony presented to your Committee by the Department of Labor and Industrial Relations which supports the intent of this resolution, it was revealed that Hawaii has not been eligible for discretionary CETA funds which are usually made available to states with branch operations of national organizations receiving large grants for special programs. It was also noted that as a "gateway city" for foreign immigrants, Hawaii has had to provide training assistance geared to the special needs of immigrants. Your Committee feels that it is important to emphasize these points in its expression of support for the continuance of CETA. Therefore, this resolution has been amended to reflect that discretionary funds would be beneficial to the State and that as a gateway city, it has residents with special needs.

Your Committee on Employment Opportunities and Labor Relations is in accord with the intent and purpose of H.R. No. 134, as amended herein, and recommends its adoption in the form attached hereto as H.R. No. 134, H.D. 1.

Signed by all members of the Committee.

SCRep. 39 Ocean and Marine Resources on H. R. No. 129

The purpose of this resolution is to request your Committee on Ocean and Marine Resources to review the administration and coordination of the marine resources programs with special emphasis on the planning and coordination of programs.

Your Committee finds that without a thorough evaluation of the existing planning and coordination of marine programs, it is difficult to propose legislation that effectively meets the challenges in this area. A comprehensive picture has not been presented to this committee by the various departments and agencies involved in marine affairs.

It is necessary that your Committee undertake this review before it can deal with economic development, marine education, conservation, and general promotion of marine affairs. The administrative problems appear central to our progress.

Your Committee on Ocean and Marine Resources concurs with the intent and purpose of H.R. 129 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 40 Legislative Management

Informing the House that House Bill Nos. 958 to 980, House Resolution Nos. 340 to 346, House Concurrent Resolution Nos. 47 and 48 and Standing Committee Report Nos. 33 to 39 have been printed and distributed.

SCRep. 41 Housing on H. B. No. 487

The purpose of this bill is to require the preparation of feasibility studies on the marketing of any housing project proposed to be developed pursuant to Sections 359G-6, 359G-11, 359G-11.1, Hawaii Revised Statutes.

The Authority would be required to establish by rule appropriate professionally accepted guidelines for the feasibility studies to be submitted, and would submit one copy of the study to the Senate President and the Speaker of the House, respectively.

Your Committee feels that such feasibility studies would help to alleviate the problem of sub-optimum sales of completed units.

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

1. page 1, lines 4 and 7 and page 2, line 13 The words "dwelling unit projects" have been changed to "housing projects" as this is the term more commonly used when referring to projects sponsored by the Hawaii Housing Authority. Furthermore, "housing projects" is defined in Chapter 359, while "dwelling unit projects" is not.

2. page 1, line 9 - The phrase "development of a dwelling unit project" has been more clearly spelled, with the intent of the Committee reflected. It was felt that "development" is too broad a term, and therefore may be subject to varying interpretations.

Your Committee on Housing is in accord with the intent and purpose of H.B. No. 487 as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. 487, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 42 Employment Opportunities and Labor Relations on H. C. R. No. 41

The purpose of this concurrent resolution is to request the United States Congress to extend the Federal Supplemental Benefits Program beyond its current expiration date of March 31, 1977.

The State's unemployment insurance program was designed to mitigate the adverse economic effects of sudden unemployment on workers. However, due to the widespread and high rates of unemployment, the federal government instituted the Federal Supplemental Benefits Program to augment the unemployment insurance programs in the individual states.

Your Committee believes that the State's current economy and the continuing high rates of unemployment make the Federal Supplemental Benefits Program important for Hawaii's jobless. Therefore, your Committee supports any federal action to extend the Federal Supplemental Benefits Program which is due to expire on March 31, 1977.

Your Committee on Employment Opportunities and Labor Relations is in accord with the intent and purpose of H.C.R. No. 41, and recommends its adoption.

Signed by all members of the Committee.

SCRep. 43 Employment Opportunities and Labor Relations on H. C. R. No. 42

The purpose of this concurrent resolution is to request the United States Congress to increase appropriations for the Comprehensive Employment and Training Act (CETA) which would make more funds available to the states for manpower program services.

Your Committee believes that the federal government has greatly assisted the State in alleviating its unemployment problem through the Comprehensive Employment and Training Act. Many of Hawaii's unemployed workers have been provided with immediate jobs through public service employment and other manpower services programs and at the same time the State's residents have been provided needed public services.

Your Committee is in accord with the intent and purpose of H.C.R. No. 42, and recommends its adoption.

Signed by all members of the Committee.

SCRep. 44 Employment Opportunities and Labor Relations on H. R. No. 142

The purpose of this resolution is to urge employers in the private sector to consider the possibility of implementing job-spreading programs, shorter workweeks, and other innovative measures which would create employment opportunities for more persons.

The Director of Labor and Industrial Relations strongly supported the resolution. Your Committee agrees that every effort should be made by employers to create additional employment opportunities during this period of high unemployment.

Your Committee on Employment Opportunities and Labor Relations concurs with the intent and purpose of H.R. No. 142 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 45 Employment Opportunities and Labor Relations on H. R. No. 144

The purpose of this resolution is to request to the Department of Labor & Industrial Relations to strengthen its efforts to rapidly and efficiently match job seekers with available employment and report on these efforts to the Legislature twenty days before the convening of the Regular Session of 1978.

Your Committee is of the opinion that the high level of unemployment in Hawaii makes it imperative that the job placement services of the state strengthen its efforts to match job seekers with all available job openings. The Department of Labor & Industrial Relations agrees with the foregoing and has indicated it will make every effort to conform with the request.

Your Committee on Employment Opportunities and Labor Relations concurs with the intent and purpose of H.R. No. 144 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 46 Legislative Management

Informing the House that House Bill Nos. 981 to 1039, House Resolution Nos. 347 to 355, House Concurrent Resolution Nos. 49 to 52 and Standing Committee Report Nos. 41 to 45 and 47 to 58 have been printed and distributed.

Signed by all members of the Committee.

SCRep. 47 Corrections and Rehabilitation on H. B.No. 68

The purpose of this Act is the continuation and expansion of alternative diversionary correctional programs in the community.

The Hawaii Correctional Master Plan is based on the premise of in-community programs as diversionary alternatives to incarceration. Yet, under present conditions, very few such alternatives exist. No new alternative programs are reflected in the Executive Budget submitted for the 1977-1979 biennium. Moreover, one alternative program which

received funding heretofore, Mutual Agreement Programming, was inadvertently omitted from the current proposed Executive Budget.

Your Committee is in agreement with the Correctional Master Plan. Under it, procedures are established for the purpose of diverting adjudicated misdemeanants and felons from incarceration to incommunity alternatives. Unless the current lack of these alternative programs is reversed, the population of our prisons will continue to grow and the objectives of the Master Plan will not be realized.

A preliminary pilot project testing the feasibility of the mutual agreement program has already been undertaken but needs funding for completion. Other concepts in corrections such as restitution; need to be explored for possible implementation. Existing workrelease programs, like Liliha House I and II have proved highly successful and require funding for continuation and expansion.

Therefore, your Committee recommends an amendment for the purpose of delineating the need for alternative in-community programs as diversions from incarceration, as called for by the Hawaii Correctional Master Plan. Such programs benefit both the offender in terms of his reintegration with society and the State in terms of the substantially lower cost relative to the cost of incarceration.

In addition, your Committee recommends an amendment for the purpose of appropriating the funds necessary to carry out the purposes of this Act. Such amendment would be as follows:

- (a) Section 2. There is appropriated out of the general revenues of the State of Hawaii the sum of \$250,000 or so much thereof as may be necessary for the continuation and expansion of alternative in-community diversionary correctional programs, including but not limited to mutual agreement and work-release programs.

For the purpose of consistency your committee also recommends that this Act should be further amended as follows:

- (a) Sections 2 and 3 be changed to sections 3 and 4 respectively.

Your Committee on Corrections and Rehabilitation is in accord with the intent and purpose of H. B. No. 68 as amended herein, and recommends that it pass Second Reading in the form attached hereto as H. B.No. 68, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 48 Water, Land Use, Development and Hawaiian Homes on H. B. No. 113

The purpose of this bill is to require the Land Use Commission to conduct public awareness and education programs in each County on a regular basis.

Your Committee believes that attendance at these public awareness and education programs will be poor if they were to be conducted at regular intervals. Experience has shown that most people are not interested in Land Use Commission processes until there is a petition of immediate interest to them. Interested individuals and groups will make every effort to keep abreast of the Commission activities and its procedures, and these public groups and individuals are fairly knowledgeable of the Commission's procedures.

It is for this reason that your Committee has amended the bill to provide such public awareness and education programs "upon request," deleting "at regular intervals."

Also, your Committee has inserted the sum of \$30,000 in Section 2. This sum represents the cost of a modular-type education film on the Land Use Commission covering various aspects of the law, the procedures, regulations, filing a boundary change petition and avenues for public participation.

Your Committee on Water, Land Use, Development and Hawaiian Homes is in accord with the intent and purpose of H.B. No. 113, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 113, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 49 Health on H. R. No. 89

The purpose of this resolution is to have the Committee on Health review the funding of private care agencies and institutions in light of public health purposes to ensure adherence to and satisfaction of public health needs.

Testimony presented before your committee addresses the possibility of developing a unified policy whereby funding requests of private agencies could be subject to an orderly review.

Your Committee has amended the resolution to read as follows: "BE IT FURTHER RESOLVED that the Committee on Health report on its findings and recommendations prior to the convening of the Regular Session of 1978, and".

Your Committee on Health concurs with the intent and purpose of H.R. No. 89 as amended herein, and recommends its adoption in the form attached hereto as H.R. No. 89, H.D. 1.

Signed by all members of the Committee.

SCRep. 50 Health on H. R. No. 86

The purpose of this resolution is to have the House Committee on Health review the services to the handicapped and to identify any program deficiencies and areas where improvements may be needed.

Your Committee finds that services to the handicapped are offered through a network of public and private agencies, where the emphasis is placed on prevention and early identification of handicapping conditions.

Your Committee has amended the resolution to read as follows: "BE IT FURTHER RESOLVED that the Committee on Health report on its findings and recommendations prior to the convening of the Regular Session of 1978, and".

Your Committee on Health concurs with the intent and purpose of H.R. No. 86 as amended herein, and recommends its adoption in the form attached hereto as H.R. No. 86, H.D. 1.

Signed by all members of the Committee.

SCRep. 51 Health on H. R. No. 81

The purpose of this resolution is to have the House Committee on Health assess the health care needs and service gaps existing in rural communities with a view towards increasing accessibility of health care services for persons residing in those communities.

Testimony presented before your committee supports the intent of the resolution.

Your Committee has amended the resolution to read as follows: "BE IT FURTHER RESOLVED that the Committee on Health report on its findings and recommendations prior to the convening of the Regular Session of 1978, and".

Your Committee on Health concurs with the intent and purpose of H.R. No. 81 as amended herein, and recommends its adoption in the form attached hereto as H.R. No. 81, H.D. 1.

Signed by all members of the Committee.

SCRep. 52 Water, Land Use, Development and Hawaiian Homes on H. R. No. 123

The purpose of this Resolution is to request the department of planning and economic development to submit to the House Committee on Water, Land Use, Development and Hawaiian Homes a progress report on the development of land use guidance policies, including, but not limited to, draft policies in any stage of development and background or research policy papers developed for such policies.

The report is to be submitted not less than twenty days prior to the final day of the Regular Session of 1977.

In 1975, the Legislature passed several laws, among them Act 189 mandating development of a state plan, and Act 193 revising the Land Use Law, seeking to improve state planning and to assist planning efforts in meeting more comprehensive and long-range concerns.

Under law, DPED was charged with the duty of coordinating development of the state plan and land use policies for submission to the Legislature during the Regular Session of 1978.

Your Committee feels that important land use decisions may be considered by the Land Use Commission and other agencies of the State and its counties prior to the presentation of the departments' final plan proposal to the Legislature. Appropriate land use guidance policies, even in draft form, will provide the decision makers with a guide to ensure the best use of land through all public actions.

Your Committee on Water, Land Use, Development and Hawaiian Homes concurs with the intent and purpose of H.R. No. 123 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 53 Consumer Protection and Commerce on H. B. No. 372

The purpose of this bill is to abolish the right of the liquor commission to prescribe the character and extent of advertisement posted in or about licensed liquor establishments, and also repeal the prohibition against the word "saloon" in such advertisements. However, your Committee has altered the intent of this bill by retaining the liquor commission's right to regulate advertising on the premises of liquor establishments.

Your Committee recommends an amendment for the purpose of maintaining the liquor commission's control over advertising by liquor establishments by removing the brackets which would repeal that control. Such amendment would read as follows:

"Sec. 281-44 Advertising Upon Licensed Premises. The liquor commission may prescribe the character and extent of all advertisements, posters, or signs which may be posted or maintained in or about the licensed premises.

"The word "saloon" shall not be used in any advertisements, posters, or signs to describe the liquor business or the licensed premises of a licensee.1"

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 372, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 372, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 54 Consumer Protection and Commerce on H. B. No. 228

The purpose of this bill is to eliminate the requirement that foreign corporations file certified copies of their articles of incorporation with the Department of Regulatory Agencies. Instead of requiring certified copies of such documents, a certificate of good standing from the appropriate state officer regarding the foreign corporation would be sufficient under this bill.

If necessary, complete corporation documents can be obtained from the corporation or the appropriate officer of the state where the corporation was incorporated accompanied by a sworn translation, if necessary. Under present law, every foreign corporation has voluminous documents on file with the Department of Regulatory Agencies. Over the years, these documents have seldom been requested, according to the department.

Your Committee is in agreement that a certificate of good standing in place of these documents would be sufficient, improve the efficiency of business registration activities, yet provide adequate protection of the public.

Your Committee recommends an amendment requiring that all requests for full document

disclosure by foreign corporations be channeled through the director of the Department of Regulatory Agencies, who may then issue the formal request. The amendment, "need not be filed except upon request by the director of regulatory agencies". has been added to Sec. 418-1(2) and 418-2(2), concerning documents of incorporation and amendments therein. Your Committee has similarly amended Sec. 418-5, relating to documents of amendments to a corporate charter, merger or consolidation. The amendment reads:

"A copy of the amendment or a copy of the articles of merger or consolidation, duly certified by the proper officer of the jurisdiction in which the corporation shall have been incorporated, shall be filed with the director of regulatory agencies if the director so requests."

The purpose of these amendments is to insure prompt and complete compliance with requests for such documents.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 228, as amended herein and recommends that it pass Second Reading in the form attached hereto as H.B. No. 228 H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 55 Consumer Protection and Commerce on H. B. No. 259

The purpose of this bill is to amend the real estate licensing statute to conform with the real estate trade practice of engaging licensees as independent contractors or employees, depending on the needs of the particular business.

According to testimony by the Hawaii Association of Realtors, the existing trade practice of treating real estate licensees as independent contractors has come under attack by the Internal Revenue Service. The present state licensing statute's use of the words "employed" and "employee" in reference to licensees could be interpreted to mean that the licensee is not an independent contractor.

However, it is not the intent of the Committee that the licensees' independent contractor status will in any way relieve a firm's principal broker of the responsibility to scrutinize the professional actions of their licensees regarding real estate transactions.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 259 and recommends it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 56 Finance on H. B. No. 685

The purpose of this bill is to increase the rate of interest applicable to late payment of obligations by the State and its counties.

Under section 103-10, Hawaii Revised Statutes, a person is entitled to interest on state payments that have been due over sixty days. The rate of interest is set by this section at one-half of one per cent per month. This bill would raise this interest rate to one per cent per month.

Your Committee recommends that clarification be included with regard to the source of funds for paying interest when such payment is required. In the past, under section 103-10 as it now stands, there have been minor disagreements regarding whether this department or the expending agency should be charged with the interest payments. Your Committee agrees that the party responsible for any late payment should bear the cost of the interest and your Committee has amended this bill to add the words "from the paying agency" after the word "interest" on line 10, on page 1 of the bill. The recommended language change would avoid misunderstanding as to the manner in which any necessary interest would be charged.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 685, as amended herein, and recommends that it pass Second Reading in the form attached

hereto as H.B. No. 685, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 57 Finance on H. B. No. 16

The purpose of this bill is to provide specific authorization for the publication of replacement volumes of the Hawaii Revised Statutes and to set a minimum sale price therefor.

Appropriations for the replacement volumes of the Hawaii Revised Statutes are as follows: \$220,400 under Act 1, Session Laws of Hawaii 1977, and \$185,000 under Acts 1 and 173, Session Laws of Hawaii 1976, for a total of \$405,400. The purpose of this bill as amended by your Committee is to specifically authorize the publication of 5,000 sets of the replacement volumes to be sold at a minimum price of \$150 per set. Your Committee agrees that this bill is necessary to provide clear direction to the office of the revisor of statutes and to the office of the lieutenant governor with regard to the publication and distribution of the replacement volumes.

Your Committee has deleted provisions found in the bill as introduced which are covered by chapter 2, Hawaii Revised Statutes, as amended by Act 173, Session Laws of Hawaii 1976.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 16, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 16, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 58 Finance on H. B. No. 7

The purpose of this bill is to establish a legislative economic advisory council to guide and assist legislative decision making.

As amended, this bill will establish a five-member economic advisory council composed of representatives from the business, academic, and financial community, selected from a list of ten names submitted by the ombudsman, the legislative auditor, and the director of the legislative reference bureau. The council will provide financial advice and information to both houses of the legislature at the joint request of the president of the senate and the speaker of the house of representatives.

Your Committee acknowledges that the establishment of such an advisory body is in the interest of strengthening legislative decision making.

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

Signed by all the members of the Committee.

SCRep. 59 Legislative Management

Informing the House that House Bill Nos. 1040 to 1096, House Resolution Nos. 356 to 366, House Concurrent Resolution Nos. 53 and 54 and Standing Committee Report Nos. 60 and 61 have been printed and distributed.

Signed by all members of the Committee.

SCRep. 60 Water, Land Use, Development and Hawaiian Homes on H. R. No. 124

The purpose of this Resolution is to request the department of land and natural resources to submit a report including but not limited to: (1) the identification of all projects, current and for the previous fiscal biennium, which received federal grant support, the amount of such support and the maximum allowed under federal law or regulation; (2) the identification and description of all federal grants, including percentage share

or other formula for federal participation, for activities under which the department did not apply for funds in the current and previous biennium, along with reasons for nonacceptance; and (3) the description of methods used to secure information of federal grant availability, and intra-departmental and inter-departmental procedures for planning, developing, approving, and submitting grant applications.

The report is to be submitted to the House of Representatives not less than twenty days prior to the last day of the Regular Session of 1977.

Federal support for conservation, recreation, and similar department of land and natural resources activities may increase in the period of the State's next fiscal biennium. In view of the uncertain state revenue picture, your Committee feels every effort should be made to secure federal funding support for well considered programs and capital projects.

Signed by all members of the Committee.

SCRep. 61 Corrections and Rehabilitation on H. B. No. 168

The purpose of this Act is to establish one executive director to oversee the Oahu Intake Service Center as well as those in the other counties of the State. The ISC's of these other counties shall be managed by middle-management civil servants. The state-wide executive director shall be appointed directly by the Governor.

Your Committee finds that for the Governor to appoint executive directors for each of the county Intake Service Centers, as Sections 3531.3 and 3531.4 of the Hawaii Revised Statutes now set forth, would not provide for enough centralized authority, control or accountability. The purpose of this Act is to create middle-management positions generally comparable to the current administrators of the community correctional centers for the counties other than Honolulu. Therefore, your Committee finds that it is proper for these positions to be career civil servants.

Your Committee on Corrections and Rehabilitation is in accord with the intent and purpose of H.B. 168 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 62 Legislative Management

Informing the House that House Bill Nos. 7, H.D.2, 1097 to 1147, House Resolution Nos. 367 to 377, House Concurrent Resolution Nos. 55 and 56 and Standing Committee Report Nos. 63 and 64, have been printed and distributed.

Signed by all members of the Committee.

SCRep. 63 Housing on H. R. No. 108

The purpose of this resolution is to request a review of current and future planning activities by the Department of Planning and Economic Development, the Hawaii Housing Authority and their consultants in formulating a statewide plan for housing.

This review would focus on the State Housing Plan prepared by the consultant firm of Daly and Associates, and is to be conducted by the House Committee on Housing, together with the House Committee on State General Planning.

Your Committee believes that a thorough review of long-range planning studies and operations must be conducted in order to maximize available resources and to assure improvements in State housing programs.

Upon consideration of this resolution, your Committee has amended it to reflect that the House Committee on Housing, together with the House Committee on State General Planning, is requested to conduct this review, and that these committees are to report their findings, conclusions and recommendations to the House of Representatives not less than twenty days prior to the convening of the Regular Session of 1978.

Your Committee on Housing concurs with the intent and purpose of H.R. No. 108, as amended herein, and recommends that it be referred to the Committee on State General Planning, in the form attached hereto as H.R. No. 108, H.D. 1.

Signed by all members of the Committee.

SCRep. 64 Housing and Youth and Elderly Affaris on H. B. No. 102

The purpose of this bill is to appropriate funds for the operation of the State elderly housing program.

Cognizant of the numerous housing problems faced by the elderly, the Legislature enacted Act 224 during the 1976 legislative session. This Act provided for a survey of elderly housing needs to be followed by an action program with elderly housing to be given priority in the Hawaii Housing Authority's overall housing development plans. However, no appropriation was made to implement this program, therefore, despite passage of this Act, housing remains a crucial problem for the elderly. Furthermore, the situation is expected to worsen as the total elderly population increases, for there will be a larger number of elderly faced with the seemingly insurmountable problem of a fixed income in an inflationary economy.

It is the intent of your Committees that moneys appropriated be used by the Hawaii Housing Authority for the implementation of a full-scale State elderly housing program based on a survey of their needs.

Upon consideration of this bill, your Committees have decided to appropriate \$5,000,000 for the purpose of this Act.

Your Committees on Housing and Youth and Elderly Affairs are in accord with the intent and purpose of H.B. No. 102, as amended herein, and recommend that it pass Second Reading and be referred to the Committee on Finance in the form attached hereto as H. B. No. 102, H. D. 1.

Signed by all members of the Committee.

SCRep. 65 Legislative Management

Informing the House that House Bill Nos. 1148 to 1241, House Resolution Nos. 378 to 395, House Concurrent Resolution Nos. 57 to 60, Standing Committee Report Nos. 66 to 87 and Minority Report on H.B. No. 77, H.D. 1.

Signed by all members of the Committee.

SCRep. 66 Energy and Transportation on H. B. No. 161

The purpose of this bill is to expedite the private development of an effective inter-island ferry system by eliminating the possibility of State competition in the ferry business. The possibility of State involvement in the inter-island ferry business has a chilling effect on plans by the private sector to provide the heavy investments required to improve the inter-island ferry system.

The subject of an inter-island ferry system was first studied in 1961. Since that time additional studies were made in 1962, 1964, 1965, 1973, 1975 and 1976. Throughout this period improvements (requiring heavy investment) to the ferry system by the private sector have been understandably constrained by the threat of State competition.

Your Committee has also noted that State involvement in the ferry system is not now dictated by need. The Department of Transportation has itself noted that the present inter-island air carriers and SeaFlite provide sufficient passenger services between islands and when combined with the interisland barge company can move passengers and their autos conveniently between the islands.

The economics of the most recent available cost estimates for State involvement in a ferry system are such that they would result in annual operating deficits to the State of between \$3.9 million and \$23.2 million.

Most importantly, the threat of market fragmentation between the State and the existing barge company is such that there is a very real possibility that the State may wind up having to completely provide all the surface transportation between the islands should the barge company be left with only that portion of the market not served by the State ferry system.

Your Committee concludes that State involvement in an inter-island ferry system is not now justified in terms of need, the economics of the inter-island ferry business, and sound fiscal practice.

Your Committee on Energy and Transportation is in accord with the intent and purpose of H.B. No. 161 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 67 Energy and Transportation on H. B. No. 14

The purpose of this act is to increase the 5% surcharge paid from the airport revenue fund to the state general fund for central government services.

Your Committee finds that a 5% surcharge is insufficient for defraying the central service expenses of government.

Your Committee on Energy and Transportation is in accord with the intent and purpose of H.B. No. 14 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 68 Energy and Transportation on H. B. No. 163

The purpose of the bill is to integrate the operation of State parking facilities into the transportation systems operations to reflect its true characteristic as an important part of the total transportation system.

Presently, the operation of State parking facilities is fragmented principally between the Department of Accounting and General Services, the Department of Education and the University of Hawaii.

Most importantly, despite the fact that it is well recognized that parking is an integral part of and is essential to the efficient management of the transportation system, State parking facilities are presently operated without regard to their impact on the transportation system. Testimony by the Director of the Department of Accounting and General Services indicated that the Department of Accounting and General Services does not normally concern itself with the transportation implications of its program to provide parking facilities.

While the Department of Transportation and the Department of Accounting and General Services are both in general agreement with the intent and purpose of this bill, they are concerned about jurisdictional complications that may arise because of dual authority over the parking facilities. However, your Committee noted that the present system is considerably more fragmented, as noted previously, and that the major change is that rather than having several agencies responsible for planning and operations, this responsibility would be consolidated to assign responsibility to the Department of Transportation. Construction and acquisition would remain with the Department of Accounting and General Services.

Your Committee has amended H.B. No. 163 to more clearly note that the term "parking facilities" includes those parking facilities not now under the control of the Department of Accounting and General Services, such as the parking facilities under the control of the Department of Education and the University of Hawaii.

Your Committee on Energy and Transportation is in accord with the intent and purpose of H.B. No. 163, as amended herein, and recommends that it pass Second Reading in

the form attached hereto as H.B. No. 163, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 69 Corrections and Rehabilitation on H. B. No. 166

The purpose of this Act is to place the custodial functions and responsibilities for pre-trial detainees under the authority of the Community Correctional Centers.

Presently the physical facilities in each county serve both as Intake Service Centers and Community Correctional Centers. Since security, operations and other elements of inmate housing are already among the functions of the Community Correctional Centers, the assignment of those functions and responsibilities pertaining to residential detention for those persons awaiting trial should also be placed with the CCC. To place these custodial functions with another agency would be both costly and redundant.

Your Committee on Corrections and Rehabilitation is in accord with the intent and purpose of H.B. 166 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 70 Corrections and Rehabilitation on H. B. No. 169

The purpose of this Act is to authorize the executive director of the Intake Service Center to adopt rules, with the approval of the Governor, relating to the management of the facility without following the Hawaii Administrative Procedures Act.

The intent of the bill is to facilitate the implementation of the intake service center program. It is anticipated that the Intake Service Center will be involved in developing a multitude of rules relating to its varied responsibilities. Testimony presented before your Committee noted that precedence in this area has been set by Section 353-3, Hawaii Revised Statutes, which allows the Director of Social Services to amend or alter rules relating to correctional institutions without conforming to Administrative Procedures Act. The justification for this exemption was to maintain the confidentiality of those inmates who may participate in proceedings to amend or alter such rules.

While your Committee recognizes the importance of protecting the privacy of those individuals who may be involved and maintaining the confidentiality of records, it also feels that the rules relating to the care, treatment, services, record keeping, placement, education, training, testing, and evaluating of persons admitted to the Intake Service Center deal with certain basic individual rights which must be protected at all times. More importantly, your Committee would like to emphasize that the Intake Service Center provides services for pre-trial detainees who have not been through the adjudication process. Consequently, under our judicial system these persons have not committed any crime until proven otherwise. Your Committee feels that all precautions need to be taken to prevent the individual rights of such persons from being abridged. It would therefore be in the public interest that rules for the Intake Service Center be adopted with public participation and in accordance with the Hawaii Administrative Procedures Act.

Your Committee has therefore amended House Bill No. 169 by deleting the phrase "which rules must be approved by the governor, but shall not require publication in order to be valid and binding upon all persons admitted to intake service centers and employees of the center" and substituting the phrase, "in accordance with chapter 91".

Your Committee on Corrections and Rehabilitation is in accord with the intent and purpose of H.B. No. 169, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 169, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 71 Health on H. R. No. 91

The purpose of this Resolution is to request the Office of the Legislative Auditor to conduct a program audit of the certificate of need program and to review and evaluate the effects of the certificate of need requirements on health care cost.

Your Committee finds that the certificate of need law was intended to hold back cost by providing for planned growth and development of health services.

Testimony presented before your Committee support the intent of the Resolution and stress the need to review the law.

Your Committee on Health concurs with the intent and purpose of H.R. No. 91 and recommends that it be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 72 Health on H. R. No. 84

The purpose of this Resolution is to have the Committee on Health review the effectiveness of the emergency health care program to ensure that hospitals have adequate facilities and personnel to receive emergency cases and that the emergency medical services system can provide prompt and adequate care to all areas of the State.

According to testimony presented before your Committee, each county is ultimately responsible for its own emergency medical services program.

Presently, the Department of Health is aware of the need of emergency medical services and is in the process of identifying emergency medical services systems deficiencies statewide, including medical facilities.

Your Committee has amended the Resolution to read:

1) "BE IT RESOLVED by the House of Representatives of the Ninth Legislature of the State of Hawaii, Regular Session of 1977, that the Department of Health is requested to review the effectiveness of the emergency health care program to ensure that hospitals have adequate facilities and personnel to receive emergency cases and that the emergency medical service system can provide prompt and adequate care to all areas of the State; and"

2) "BE IT FURTHER RESOLVED that the Department of Health submit a report of its findings to the House prior to the close of the 1977 legislative session; and"

Your Committee on Health concurs with the intent and purpose of H.R. 84 as amended herein, and recommends its adoption in the form attached hereto as H.R. No. 84, H.D. 1.

Signed by all members of the Committee.

SCRep. 73 Housing on H. R. No. 116

The purpose of this resolution is to urge prompt implementation of the Land Reform Act, Chapter 516, Hawaii Revised Statutes.

Your Committee feels that in view of a clearly defined legislative policy supporting the Land Reform Act, departments and agencies of the State should endeavor to implement this Act as expeditiously as possible in order to permit all eligible and willing lessors to participate in the fee simple conversion program established in law.

Upon consideration of this resolution, your Committee has amended paragraph 1 of page 2 to reflect that the Governor is requested to direct appropriate departments and agencies including the Department of the Attorney General and the Hawaii Housing Authority to expeditiously implement the Land Reform Act, Chapter 516, Hawaii Revised Statutes.

Your Committee on Housing concurs with the intent and purpose of H.R. No. 116, as amended herein, and recommends its adoption in the form attached hereto as H.R. No. 116, H.D. 1.

Signed by all members of the Committee.

SCRep. 74 Culture and the Arts on H. R. No. 73

The purpose of this resolution is to request the State Foundation on Culture and the Arts to broaden its spectrum of cultural activities and place greater emphasis on cultural inter-change programs.

Your Committee is aware of the desire for ethnic groups to maintain their cultural and ethnic integrity. The intent of the resolution, however, is not to urge assimilation or integration but rather, to urge that avenues of availability and exchange be opened between and among the many ethnic and cultural groups as is the intent of Act 269, SLH 1965.

Your Committee finds, after close examination of the programs and priorities of the State Foundation on Culture and the Arts, that the objectives as defined in Act 269, Sections 1 and 3, SLH 1965, have not been realized.

Your Committee on Culture and the Arts concurs with the intent and purpose of H.R. No. 73 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 75 Culture and the Arts on H. R. No. 75

The purpose of this resolution is to request the House Committee on Culture and the Arts to review the progress made in implementing the recommendations of the 1976 Management Audit of the State Foundation on Culture and the Arts (Audit Report No. 76-3) and to report its findings and recommendations to the House before the end of the 1977 session.

Your Committee finds that the State Foundation on Culture and the Arts and the State Comptroller have begun implementing some of the Auditor's recommendations and finds that it is in the legislature's best interest to be apprised of the exact progress being made and if any problems are being encountered in implementing the Auditor's recommendations.

Your Committee therefore believes that it is important for the legislature to review the status of implementing the Auditor's recommendations at this time and has already requested the State Foundation to submit a written report to your Committee this session regarding this matter.

Your Committee on Culture and the Arts concurs with the intent and purpose of H.R. No. 75 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 76 Consumer Protection and Commerce on H. B. No. 424

The purpose of this bill is to decrease the period between filing dates of the Public Utilities Franchise Tax Report and payment of the related tax to the appropriate county. The bill would change the filing date from one month after each calendar year to fifteen days after each month.

The bill also designates the county director of finance as the sole receiver of franchise tax reports and franchise tax money by deleting the word "treasurer" from Sec. 240-1. This deletion would change the present law to conform with the current practice in each county.

For the sake of consistency, your Committee recommends an amendment deleting the word "treasurer" from Sec. 240-2. Such amendment would read as follows:

"Sec. 240-2 Books, papers, etc. All books, papers, records and accounts of such person shall at all reasonable times be open to inspection by the °treasurer orl director of finance of such county, or his agents appointed for such purpose."

Under this bill, revenues would be collected as generated and gross receipts of such public utilities franchise companies could be checked at more frequent intervals.

Your Committee recommends an amendment to increase the period between franchise tax payments from fifteen days after each month to thirty days after each calendar quarter for the purpose of reducing high administrative costs foreseen in the proposed monthly payment of franchise tax.

Due to high administrative costs foreseen in filing a monthly report, your Committee recommends an amendment increasing the proposed filing period from fifteen days after each month to thirty days after each calendar quarter.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 424 as amended herein and recommends that it pass Second Reading in the form attached hereto as H.B. No. 424, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 77 State General Planning on H. B. No. 151

The purpose of this bill is to amend Section 225-3 of the Hawaii Revised Statutes to include six public members on the State Plan Policy Council.

Testimony received from the Department of Planning and Economic Development concurred with the intent of this bill to allow greater public participation in the development of the Hawai'i State Plan. Testimony from the Office of Environmental Quality Control also concurred in principle with H.B. 151, but suggested that the number of additional members be limited to four to prevent the Council from becoming too large in number and thus, cumbersome. The Department of Transportation did not object to the inclusion of the additional representation, but felt that the DPED has already made a concerted effort to take their plan products to the public and that a change in the Policy Council's structure now will do little to enhance the quality or timeliness of the final draft.

Upon further consideration, your Committee finds that adding six public members to the Policy Council would broaden the base of the planning process and help create a state plan representative of the public's concerns and needs.

Your Committee also finds that of the six new members, three should be appointed from Oahu and one each should be appointed from the neighbor island counties.

Your Committee on State General Planning is in accord with the intent and purpose of H.B. No. 151 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all the members of the Committee.

SCRep. 78 State General Planning on h. B. No. 154

The purpose of this bill is to designate geographic areas within the state for the development of regional design plans and the appropriation of funds towards this end.

Testimony received from the City and County of Honolulu was in support of H.B. No. 154 if the counties were to be the expending agencies. However, the City and County of Honolulu strongly opposed the designation of the state as the expending agency for design plans.

Testimony received from the Waikiki Resident's Association supported H.B. No. 154 in principle. The Department of Planning and Economic Development also supported H.B. No. 154, but suggested an amendment regarding the bill's purpose. Since the purpose of the bill is already provided for in Chapter 57 of the Hawaii Revised Statutes, the DPED suggested that it be changed to "provide a means for the development of urban design plans". The DPED also suggested that H.B. No. 154 be combined with a similar bill, H.B. No. 150, relating to urban design.

Upon further consideration, your committee has incorporated H.B. No. 150 into H.B. No. 154, H.D. 1. The purpose of H.B. No. 154, H.D. 1 is to amend Chapter 57 to include

the design of regional areas. Presently, Chapter 57 applies only to urban areas. With this amendment, rural as well as urban areas may be subject to design treatment. The sum of \$250,000 has been appropriated to develop and implement design plans under Chapter 57. The DPED has been designated as the expending agency for the funds. With only one expending agency, funding to the various counties can be done in a coordinated manner.

Your Committee on State General Planning is in accord with the intent and purpose of H.B. No. 154, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 154, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 79 Employment Opportunities and Labor Relations on H. B. No. 137

The purposes of this Act are to: (1) extend the State program for the unemployed for the fiscal year 1977-78; (2) specify that the Department of Labor and Industrial Relations may subsidize all forms of job training under Part III, State assistance for certain employment; (3) eliminate the "economically disadvantaged" category under Part III; and (4) transfer the loan administration from the department of labor and industrial relations to the department of planning and economic development under Part IV, State loans for certain employment. Act 151, Session Laws of Hawaii 1975, established the State program for the unemployed (SPU) which was designed as a one-time program to alleviate the effects of the State's high unemployment rate through public service jobs and other employment programs. In 1976, the Legislature extended and funded SPU for an additional year through Act 134.

The Department of Labor and Industrial Relations informed your Committee that it supports the extension of SPU, the need to specify that the Department may subsidize all forms of job training and to eliminate the "economically disadvantaged" requirement under Part III of SPU. In addition, the Department requested authority to provide all forms of job training under Part II, State comprehensive employment and training, the public service employment component of SPU. The Department recently adopted regulations for the implementation of the loans program in December, 1976. Because the Department has not administered the program for an adequate time period, your Committee was asked to consider the retention of the program under the Department for at least one year.

Your Committee has amended the measure to extend and fund the state program for the unemployed for the fiscal biennium 1977-79, establish job training in public service employment and retain the administration of the loan program with the Department of Labor and Industrial Relations. Your Committee believes that the present high level of unemployment will continue for at least two years and has appropriated funds for the biennium. Your Committee also believes that the State program for the unemployed has been successful in providing temporary, immediate employment to Hawaii's jobless but it also feels that consideration must now be given to improving SPU based on two years of operation. Therefore, your Committee has authorized the Department of Labor and Industrial Relations to provide job training in public service employment and to administer the loan program.

Your Committee is in accord with the intent and purposes of H.B. No. 137, as amended herein, and recommends that it pass Second Reading and be referred to the Committee on Finance in the form attached hereto as H.B. No. 137, H.D. 1.

Signed by all members of the Committee.

SCRep. 80 Employment Opportunities and Labor Relations on H. B. No. 136

The purpose of this Act is to provide for a pre-embarkation orientation program in countries sending large numbers of immigrants to the United States to apprise them of depressed economic and employment conditions in Hawaii and other states.

According to testimony presented by the State Commission on Manpower and Full Employment, approximately 42,275 foreign immigrants were admitted to Hawaii representing a disproportionately large share of the State's new residents with the past five years. This total does not include Samoans who are American nationals and the more than 2,000

Indo-Chinese refugees who were admitted in 1975 under parole status. Your Committees were informed that while many of these immigrants moved to improve their living standard, they were often unaware of the unfavorable economic, employment and housing conditions of host nations. As a gateway city, your Committees feel that the effects of immigration on Hawaii's labor market may be greater than other states. Therefore, your Committees believe that organized pre-embarkation orientation programs which distribute information in immigrant source nations about the hard realities of living in Hawaii may have an impact on the State's level of immigration.

Your Committees have amended the bill to retain the State Commission on Manpower and Full Employment as the appointing authority for the director of the State immigrant services center because this would conform to the existing administration structure and operations of the Commission's programs. Your Committees have also recommended that an appropriation of \$50,000 be made for the fiscal year 1977-78 to establish a pre-embarkation orientation pilot project.

Your Committee on Employment Opportunities and Labor Relations and your Committee on Public Employment and Government Operations are in accord with the intent and purpose of H.B. No. 136 as amended herein and recommend that it pass Second Reading and be referred to the Committee on Finance in the form attached hereto as H.B. No. 136, H.D. 1.

Signed by all members of the Committee.

SCRep. 81 Higher Education on H. B. No. 82

The purpose of this Act is to appropriate funds for the continuation of the University Without Walls Program (also known as the Comprehensive Training Program and Central Michigan University Program). The intent of this bill is to offer equal opportunities to enable students to complete their degrees.

Your Committee has received testimony from the Vice-President of Academic Affairs at the University of Hawaii and from several students and staff of the University Without Walls Program and finds as follows:

The University Without Walls Program originally under the sponsorship of the federally-funded Model Cities subprogram, the Comprehensive Training Program, of the City and County of Honolulu began in April 1972 and has continued since 1974 with State appropriation. Funding for the program is channeled through the Research Corporation of Hawaii, from which direct payments are made to Central Michigan University for delivery of the program to students.

The University Without Walls Program offers equal educational opportunities to those who find it difficult to enroll in regular campus based higher education programs and assists educationally deprived adults in developing employment skills. Educational credit is awarded for life and work experience and the concentrated class schedules on weekends allow students to complete their degrees.

The University of Hawaii fully intends to develop and deliver an extended baccalaureate degree program hopefully within the biennium. However, until such time as they do, they support the continuation of this program in the same manner. At the present time, although Central Michigan University has been contracted for the delivery of the program, your Committee was apprised that other institutions of higher education in Hawaii may be able to provide a comparable program at lesser cost. Hence, your Committee supports the temporary continuation of the University Without Walls Program whereby any institution of higher education offering a comparable program may be contracted for the delivery of the University Without Walls Program until such time that the University of Hawaii extended baccalaureate degree program is ready to be fully implemented.

Your Committee recommends an amendment for the purpose of appropriating \$546,000 for the University Without Walls Program.

Your Committee on Higher Education is in accord with the intent and purpose of H.B. No. 82, as amended herein, and recommends that it pass Second Reading in the form hereto as H.B. No. 82, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 82 Education and Youth and Elderly Affairs on H. B. No. 76

The purpose of this Act is to provide funds to each public school for the services of individuals from the general resources of the community to enrich learning in public schools.

Your Committees find that many community members are willing and able to share practical skills and first-hand experiences with students, thereby enriching classroom experience. The Committees also find that the Commission on Aging can serve as an effective mechanism in coordinating, retrieving and centralizing demonstration personnel.

Your Committees feel that the intent of this bill should focus on the skills and experiences of senior citizens, thereby instilling in our youth, respect for tradition and for those who retain the knowledge and skills associated with it. Therefore, your Committees have amended this bill as follows:

a) Section 1, line 4. Delete the words "Community member, including". The sentence will now read: Many of our senior citizens are blessed with practical skills and invaluable first hand experiences which, if imparted to our young in the public schools exciting and stimulating places for students.

The reason for this amendment is to allow the Commission on Aging to serve as the expending agency in allocating funds for demonstration personnel.

Your Committees have further amended this bill as follows:

a) Section 2. The amount of the appropriation is to be set at \$176,000. The apportioned amount to be received by each school is to be \$1.00 times the total number of students enrolled at that school. It is provided that the senior citizen performing demonstration services shall receive an honorarium of \$10 per demonstration.

Your Committees have deleted Section 3 of this bill relating to petty cash funds to be established at schools, in as much as the expending agency is the Commission on Aging, or its successive agency.

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

Signed by all members of the Committee.

SCRep. 83 Education on H. B. No. 344

The purpose of this Act is to provide additional reading teachers in the public schools.

Your Committee finds that there is much public concern regarding the reading ability of our students, and that special attention must be directed to improve reading levels. The tutors would serve to accomplish the goal of improved reading skills.

Your Committee on Education is in accord with the intent and purpose of H.B. No. 344 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 84 Education on H. B. No. 77

The purpose of this Act is to establish at each school a legally recognized citizens advisory council which would assess the needs of the school, report on the progress of the school in meeting those needs and assume the role of advocacy for the school.

Under the present circumstances, there is no legal framework within which school councils may operate. Uniform guidelines and legal provisions for the establishment and continuation of such mechanisms can assure the public of an avenue for meaningful participation in the public school system.

Your Committee has further amended this bill to include teachers and students as those eligible for election to school councils.

Your Committee has further amended this bill to increase the number of members in the council from nine to eleven for schools with enrollment of 1,000 students or more and from seven to nine for schools with enrollment of less than 1,000 students.

Your Committee has further amended this bill by adding a section to appropriate \$23,000 to carry out the purposes of this bill.

Your Committee on Education is in accord with the intent and purpose of H.B. No. 77 as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 77, H.D. 1, and to be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 85 Education on H. B. No. 78

The purpose of this Act is to provide for the establishment of a citizens advisory committee on the kinds of basic and real-life skills necessary for public school graduates.

Your Committee finds that many adults and young people lack proficiency in the basic skills of reading, writing and computation and are unable to successfully complete those tasks which are common to everyday life. This widespread inability to perform such tasks has led this Committee to conclude that the teaching of these skills must be improved.

The creation of an advisory committee on basic and real-life skills will serve to inform the legislature on this complex matter, thereby enabling informed participation by this committee in the establishment of minimum levels of demonstrated competency.

In Section 5, line 6, your Committee recommends the appropriation amount to be \$3000 to defray the expenses of the committee.

Your Committee on Education is in accord with the intent and purpose of H. B. No. 78 and recommends that it pass Second Reading in the form hereto attached as H. B. No. 78, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 86 Education on H. B. No. 80

The purpose of this Act is to provide individual public school teachers with funds to be expended, at their professional discretion, for the benefit of their students and to enhance educational innovation in the classroom.

Your Committee feels that there is a necessity to expedite the implementation of innovative techniques in education on the classroom level. This method will help to eliminate long waiting periods, paper work and red tape which are required in executing the regular school budget.

Your Committee also feels that the teacher is more aware of the special needs of her individual classroom. This makes classroom teachers the logical executor of such discretionary funds.

Your Committee on Education has amended this bill by substituting the words "three on two" on lines 7 and 8 of page two with "classroom staffed by". This amendment is necessary in order to not restrict this appropriation to classrooms staffed by team teaching methods other than the three-on-two.

Your Committee on Education has further amended this bill to include an appropriation amount of \$450,000; with which each teacher may expend up to \$50 and for classrooms staffed by teaching teams, each such team may expend up to \$100.

Your Committee on Education is in accord with the intent and purpose of this Act, and recommends that it pass Second Reading in the form hereto attached as H.B.

No. 80, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 87 Education on H. B. No. 79

The purpose of this Act is to provide for the employment of tutors in the public schools to support classroom teachers and to help students who experience temporary learning difficulties in the basic skills.

Your Committee finds that a real need exists on the basic classroom level for more individualized attention to students experiencing difficulty in learning. The employment of tutors would be a direct method of alleviating or reducing this needs.

Your Committee on Education is in accord with the intent and purpose of this Act and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 88 Legislative Management

Informing the House that House Bill Nos. 1242 to 1541, House Resolution No. 397 and Standing Committee Report Nos. 89 to 95 have been printed and distributed.

Signed by all members of the Committee.

SCRep. 89 Finance on H. B. No. 13

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 improvement 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 \$9,459,412.00.

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. 13, as amended herein, and recommends that it be recommitted to the Committee on Finance in the form attached hereto as H.B. No. 13, H.D. 1.

Signed by all members of the Committee.

SCRep. 90 Corrections and Rehabilitation on H. B. No. 66

The purpose of this Act is to provide for increased security at the Hawaii Correctional Youth Facility by increasing the number of personnel at the facility.

Currently, security at HYCF is a serious problem. The rate of escape from the facility is seldom less than two per week, causing a hardship both for the residents of the immediate community and for the personnel of the facility. The cost of fencing the entire facility is prohibitive, as is the cost of building a new, high security cottage.

The three existing cottages, which house approximately 30-40 youths each, are inappropriate and inadequate for conversion into high risk units. In addition, your Committee heard testimony from the Olomana Community Association presenting the need for increased security staffing, though opposing the installation of fences.

Presently, a major cause of the runaway problem is the lack of sufficient staffing to secure the facility. For example, during the day shift, the population of the facility is moving about the grounds to attend school and the maintenance program. A great many escapes occur during this period of population movement. Moreover, only one social worker is presently assigned to each of the three cottages making it exceedingly difficult to monitor the activities and behavior of the wards for the purpose of evaluating the potential for escape. The Corrections Division of the Department of Social Services felt that by coupling an increase in the number of Youth Correctional Officers to facilitate the movement of the offenders during particular times of the day, with an increase in the number of social workers to facilitate screening and monitoring of the committed juveniles, the high rate of escape would be dramatically reduced.

The Department of Social Services, Corrections Division, believes the purposes of this Act can be accomplished by adding three new Youth Correctional Officers at a biennium cost of \$61,548 and three new Social Workers at a biennium cost of \$83,304. Therefore, your Committee on Corrections and Rehabilitation recommends amending Section 1 of this Act to reflect an increase in the personnel at the Hawaii Youth Correctional Facility, for the purpose of upgrading the security at the facility. Moreover, your Committee recommends an amendment for the purpose of appropriating the funds necessary to carry out the purposes of this Act. Such amendment would be as follows:

(a) Section 2. There is appropriated out of the general revenues of the State of Hawaii the sum of \$144,852, or so much thereof as may be necessary for the hiring of new staff at the Hawaii Youth Correctional Facility.

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

(a) Section 2 and 3 be changed to section 3 and 4 respectively.

Your Committee on Corrections and Rehabilitation is in accord with the intent and purpose of H.B. No. 66 as amended herein and recommends that it pass Second Reading in the form attached hereto as H.B. No. 66, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 91 Corrections and Rehabilitation on H. B. No. 65

The purpose of this Act is to establish and maintain a vocational training program for juvenile offenders committed to the Hawaii Youth Correctional Facility.

Under present conditions, there are no specific programs for vocational training of youth committed to the Facility. Some facility personnel do, on occasion, take boys with them on particular jobs as they arise, but this is the extent of the vocational training. There is no comprehensive program designed to impart work habits or skills. In today's job market, mechanical, plumbing, and electrical skills, among a variety of others, can account for the difference between becoming a productive member of society and becoming a ward of society. And skills like sewing, which are currently taught to female offenders at the Facility, though important, are insufficient preparation for any degree of selfsufficiency.

Therefore, your Committee on Corrections and Rehabilitation recommends amending Section 1 of the Bill to reflect that these vocational programs shall be accessible to both male and female youth offenders. Moreover, Section 1 should be further amended to provide some discretion to the director of social services in determining which programs are most appropriate to individual offenders, in terms of their capabilities, motivations, potential and length of incarceration.

In addition, based on a proposal submitted by the Department of Social Services and Housing, your Committee recommends an amendment for the purpose of appropriating

the funds necessary to carry out the purposes of this Act. Such an amendment would be as follows:

- (a) Section 2. There is appropriated out of the general revenues of the State of Hawaii the sum of \$170,000 or so much thereof as may be necessary for the establishment and maintenance of a vocational training program at the Hawaii Youth Correctional Facility, including the hiring of staff.

Your Committee on Corrections and Rehabilitation is in accord with the intent and purpose of H. B. No. 65 as amended herein, and recommends that it pass Second Reading in the form attached hereto as H. B. No. 65, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 92 Tourism on H. B. No. 138

The purpose of this bill is to provide a vehicle by which the State will work with the visitor industry and all other government agencies associated with tourism to coordinate and implement comprehensive policies to achieve the State's desired goals and objectives of attaining a high quality of life for the people of Hawaii.

Fulfillment of this purpose is to be initially achieved by establishing an office of tourism headed by a director within the Department of Planning and Economic Development for administrative purposes only.

Your Committee notes that the visitor industry is a major component of the economic base of our State and makes a significant contribution to income and employment within our community. Over the past ten years, tourism has replaced agriculture as the State's number one industry, and is the State's first multi-billion dollar enterprise. Your Committee feels that we are in a period when the need for participation in establishing guidelines for orderly future growth is recognized by all levels of government and sectors of the visitor industry.

Your Committee feels that the growth of the visitor industry must take into consideration not only the needs of the industry, but the needs of the community as well. Your Committee believes that there is a special need for the State government to take an active role to set directions and standards for both the public and private sectors of the visitor industry so that we may preserve or enhance our unique quality of life in Hawaii.

Your Committee is cognizant of the many problems related to this complex and very fragile industry. Your Committee strongly feels that a director is needed to coordinate and review the overall "picture" of the tourism industry to lend a new and enlightened perspective to the many challenges at hand. The new director of this office will need to come up with some new and viable alternatives that will provide the industry with a more comprehensive and coordinated basis for direction. He will be responsible for coordinating all agencies and advising the private sector in development of tourist-related activities and resources; develop a ten-year controlled quality growth policy plan for tourism with the advice of a visitor industry council; recommending to the legislature necessary legislation to implement the ten-year controlled quality growth policy plan including the coordination of the activities of the tourist industry; conduct or arrange for the conduct of research throughout contractual services with any agency or qualified persons concerning the various aspects of tourist development; recommend programs and projects to various agencies for the implementation of the ten-year controlled quality growth policy plan for tourism; provide technical and other assistance to public agencies, private industry, and other persons upon request; establish a public information program to inform the public of tourism and its complex-related problems; encourage the development of educational, training, and career counseling programs; perform other necessary or desirable functions to facilitate the intent of this chapter; and adopt necessary rules for the purposes of this chapter.

Under the provisions of this chapter, the director of tourism will be assisted by a visitor industry council who shall serve in an advisory capacity and shall include but not be limited to: advising the director in the development and updating of the policy plan for tourism and the annual review of such policies; act as a forum for

discussion, coordination, and communication between government and the private industry concerning the development of tourism and its impact on the State; promote and encourage the private industry to cooperate in providing the necessary data for use in research and planning; encourage cooperation between private industry and educational institutions for the development of tourist-related educational programs; and perform other functions as may be required by the director in implementing this chapter.

Legislative adoption will be required for the ten-year controlled quality growth policy plan which shall be developed by the office of tourism in conjunction with the visitor industry council and presented to the legislature for adoption by concurrent resolution. A preliminary outline on the initial policy plan shall be submitted to the legislature prior to the convening of the regular session of 1978 and a final draft of the policy plan shall be submitted for adoption prior to the convening of the regular session of 1979.

The visitor industry council shall hold public hearings in each county on the proposed policy plan prior to adoption by the legislature.

In this new chapter, provisions have been made for the annual evaluation of the ten-year controlled quality growth policy plan. The evaluation shall be conducted by the director of tourism and the visitor industry council and shall be submitted annually to the governor and the legislature.

The director of tourism will be provided with the authority to contract for services with the Hawaii Visitors Bureau and other tourist-related organizations for the promotion of tourism. Required by this new chapter is an evaluation of public expenditures by the director and a report submitted to the legislature with his recommendations.

The director's salary is further established by this chapter which shall be comparable to that of a second deputy director and requires the director to hire necessary personnel which shall be exempt from civil service status to carry out the purposes of this Act.

House Bill No. 138 further amends section 201-27 of the Hawaii Revised Statutes relating to the department of planning and economic development's activities concerning the promotion, development, and coordination of tourist-related activities and requires that the department of planning and economic development's recommendations for coordination of tourist facilities and State recreation areas be made to the director of tourism. With the cooperation of the department of land and natural resources, the director of planning and economic development is further required to plan and recommend means for establishing a comprehensive system of state parks throughout the State for the use and enjoyment of both residents and visitors subject to the approval of the director of tourism.

The office of tourism established by this Act shall succeed to all the functions, rights and powers exercised, and all of the duties and obligations incurred by the department of planning and economic development in the administration, management, control, operation and implementation of its duties and functions established by this Act and transferred to the office of tourism hereby, whether the powers, duties, and obligations are mentioned in or granted by any law, contract, or other document.

Your Committee feels that references to "controlled quality growth policy plan" is redundant and your Committee has amended the bill by substituting "policy plan" in Section -1 Definitions.

After holding public hearings on this matter and in light of the testimonies received, your Committee recommends the following amendments:

1. Sec. -3 Powers and duties of the director.
 - (1) Coordinate all agencies and advise the private sector in the development of tourist-related activities and resources.
2. Sec. -4 Visitor industry council.
 - (1) Four representatives of the visitor industry appointed by the governor.

Your Committee feels that to have proper input from the industry, there must be adequate representation on the advisory council, and has amended the number of representatives from the visitor industry from three to four. Your Committee feels that representation should be included from the hotels, airlines, ground transportation organizations, and the tour operator companies. These four segments comprise the basic components of the visitor industry.

3. Sec. -4

- (4) The planning director from each county government, who shall be an ex-officio member.

Your Committee has amended this section to include the planning directors of each county on the advisory council due to their major role in land use and growth. The advisory council will be comprised of ten voting members who shall be appointed by the governor. The planning directors from each county, the director of planning and economic development, and the director of tourism shall be ex-officio members.

4. Sec. -12 Personnel.

The director shall hire the necessary staff to carry out the purposes of this chapter.

Your Committee feels that at times, legislative intent may be lost in the transition from the legislature to the administrative level. Therefore, to carry out the intent as interpreted from the Governor's State of the State Address and your address to the House of Representatives, we have appropriately made the aforementioned amendment.

5. Section 7.

There is appropriated out of the general revenues of the State of Hawaii the sum of \$250,000 or so much thereof as may be necessary, for the purposes of this Act, including the hiring of necessary staff.

Your Committee feels that \$250,000 would more appropriately cover the costs for the Office of Tourism over the 1978-1979 biennium and better enable the Tourism Director to fulfill these major responsibilities.

6. Section 9.

This Act shall take effect July 1, 1977.

Your Committee notes that the governor is requested to appoint responsible and credible people to the Visitor Industry Council to carry out the intent of this legislation three weeks after its enactment. Therefore your Committee feels that this amendment would provide the governor sufficient amount of time to select his appointees.

Your Committee on Tourism is in accord with the intent and purpose of H.B. No. 138, as amended herein and recommends that it pass Second Reading in the form attached hereto as H.B. No. 138, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 93 Judiciary on H. B. No. 251

The purpose of this bill is to resolve problems associated with the extradition of juveniles irrespective of whether Hawaii is the requisitioning or receiving state.

Your Committee heard testimony from a representative of the Honolulu Police Department to the effect that difficulties have been encountered as follows:

1. The Family Court declined jurisdiction over the juvenile in these cases and, therefore, could not prepare a Waiver of Jurisdiction to the Circuit Court.
2. The Circuit Court agreed to hear the case only if the Family Court waived its jurisdiction over the juvenile.
3. Statutes prohibit the detention of juveniles at the police cellblock.

4. The Family Court refused to authorize the holding of the juvenile at the detention facility or at the police cellblock.

5. The demanding state refused to accept the juvenile without a written waiver.

6. There was an excessive delay in processing the juvenile.

In addition, problems have been encountered because of the time-consuming process of obtaining waiver of jurisdiction by the Family Court.

Your Committee amended the bill on line 15 and 16 to provide that a Circuit Judge would be required to hold a hearing to determine whether the juvenile should be detained at the detention home, detention facility or in any other appropriate setting.

Your Committee further amended the bill by correcting the statutory reference from Chapter 732 to Chapter 832, and by making style changes which do not affect the substance or intent of the bill.

Your Committee on Judiciary is in accord with the intent and purpose of H.D. 251, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 251, H.D. 1, and be referred to the Committee on Youth & Elderly Affairs.

Signed by all members of the Committee.

SCRep. 94 Judiciary on H. B. No. 455

The purpose of this bill is to clarify the provisions of Section 571-84 relating to confidential police and juvenile crime prevention bureau records by providing that county prosecuting attorneys and their investigators may inspect and obtain copies of those records to assist them in evaluating pending or prospective charges against persons and in making recommendations to the court concerning disposition of juveniles found to be within the jurisdiction of the Family Court.

Your Committee heard testimony from the Director of the Family Court indicating that the Honolulu prosecuting attorney's office receives copies of police reports and that the statutes permit inspection of records by persons whose official duties are concerned with the provisions of the chapter dealing with the Family Court.

Your Committee adopted the recommendation of the Family Court by amending line 2 of page 3 to refer to police records and your committee further amended line 2 of page 3 to refer also to juvenile crime prevention bureau records for purposes of consistency.

Your Committee also adopted the recommendation of the Family Court by amending line 4 of page 3 by deleting the reference to "sentencing" and adding the phrase "concerning disposition under Section 571-48" since the prosecutors are not involved in sentencing in the Family Court.

Your Committee also amended the bill to correct typographical errors.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 455, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 455, H.D. 1, and be referred to the Committee on Youth & Elderly Affairs.

Signed by all members of the Committee.

SCRep. 95 Energy and Transportation on H. B. No. 700

The purpose of this Act, as amended, is to provide for the conducting of a plebiscite in the City and County of Honolulu in November 1978 on the questions of the construction and financing of a fixed guideway system for the island of Oahu. The results are to be forwarded to the 1979 legislature and are to be used for advisory purposes only.

Your Committee has heard testimony indicating that the initial construction cost

of a 14-mile guideway will be \$681.4 million, with a yearly operation and maintenance cost which is expected to reach \$70.4 million by 1985. In addition to the enormous cost in dollars, unprecedented in the history of the State's public works projects, the guideway will have a drastic effect on the lifestyle of the people of Honolulu while transforming the face of the island of Oahu. In view of these facts, your Committee feels it is appropriate to use the extraordinary vehicle of an advisory plebiscite, which was last employed in 1939 to ascertain the public's sentiment concerning the question of statehood.

The knowledge that public opinion is to be consulted in this matter is expected to provide an incentive to those agencies, departments, groups and individuals who are presently most in command of the facts concerning transportation costs, implications and alternatives, to present these facts to the public; conversely, your Committee is convinced that the voting public, aware that it will be asked to indicate its preference on the subject, will be highly motivated to take upon itself the responsibility of becoming well informed in this area. Thus the primary goal of this bill will be accomplished: a massive educational campaign and thorough public discussion will be generated, which cannot help but contribute to the wisdom of the final decision and to public and legislative satisfaction with both the decision and the process through which it was made.

Because the physical and social impact of the guideway will affect Oahu residents most directly, and because the system's success will in large part be determined by the decision of the people of Oahu to utilize it in their everyday activities, only they are being asked to vote in this advisory referendum. However, your Committee wishes to emphasize that, precisely because of the advisory nature of this poll, ultimately the final decision concerning the guideway will be made by all of the people of the State, through their elected representatives in the House and the Senate, and through the Governor.

Your Committee has amended this bill by adding a new Section 2 which clearly specifies the questions to be placed on the ballot and the visual presentation of the ballot itself. Subsequent sections have been renumbered accordingly.

A definition of the fixed guideway rapid transit system and a statement of the costs expected to be associated with the construction, operation and maintenance of the system have been added to the proposed ballot, as prescribed in the new Section 2 of this bill.

Your Committee has further amended this measure by adding a second question to the proposed ballot, requesting the voter to select his preference from among three methods of financing the proposed guideway system should it be constructed. These three methods, and the accompanying figures were obtained from testimony received by your Committee from the consultants responsible for the studies done on the proposed fixed guideway for the City and County of Honolulu, as well as other City sources.

Section 5, Certified Results to Legislature, has been amended by adding "The results of the plebiscite shall be used for advisory purposes only". Your Committee was originally advised by its attorneys that the laws of our State would of necessity make such results advisory only; however, it was felt that making this explicit within the bill would serve to clarify this intent.

Should there be adequate space on the main ballot for the plebiscite question, it will not be necessary to expend any funds in furtherance of this Act. In order to provide for all eventualities, however, your Committee has included an appropriation figure estimated by the Office of the Lieutenant Governor to be the maximum that might be needed for the printing of 350,000 multi-lingual ballots.

Your Committee on Energy and Transportation is in accord with the intent and purpose of H.B. No. 700 as amended herein, and recommends that it be referred to the Committee on Judiciary in the form attached hereto as H.B. No. 700, H.D. 1.

Signed by all members of the Committee.

The purpose of this bill is to appropriate monies out of the general revenues of the State of Hawaii for the establishment of a Visitor Information Program.

To fulfill the purpose of this bill, Chapter 201, Hawaii Revised Statutes is amended by adding a new section. Your Committee feels that there should be established a visitor information program which must take into consideration all visitors to the islands. This program to be administered by the Department of Planning and Economic Development and operated by appropriate visitor promotional associations in each county shall contract personnel who shall be stationed at designated scenic locations and who shall provide all visitors with information on the historic, cultural, and social significance of the area.

Your Committee feels that this visitor satisfaction program would mean more returning visitors as well as new visitors as news of this program spreads around. The resulting increase of tourists would in turn mean a stronger economy for Hawaii's people.

Your Committee on Tourism is in accord with the intent and purpose of H.B. No. 143, and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Cobb, Evans, Mina and Ikeda.

SCRep. 97 Legislative Management

Informing the House that House Bill Nos. 1542 to 1711, House Resolution Nos. 398 to 399 and Standing Committee Reports Nos. 96, 98 to 118 have been printed and distributed.

Signed by all members of the Committee.

SCRep. 98 Corrections and Rehabilitation on H. R. No. 41

The purpose of this Resolution is to study the feasibility of establishing an autonomous corrections agency.

Your Committee is aware that the State corrections program under the correctional master plan consists of many agencies, programs, and services, all of which require coordination. The present organizational format establishes a service delivery system in which at least three agencies, including the Department of Social Services, the Intake Service Center, and the Judiciary Department are involved. In addition, adult and juvenile corrections programs are now treated as separate programs with services being provided by different offices.

Your Committee further notes that the success of the correctional master plan lies in the ability of all the operating agencies to establish a coordinated system which interfaces services with a minimum of disruption.

In view of the increasing dimensions of the correctional services system, your Committee feels that it may be appropriate to study the feasibility of establishing an autonomous corrections agency responsible for all corrections programs in the state.

Your Committee has amended the Resolution by providing for the Speaker of the House to direct the Committee to study the feasibility of establishing an autonomous corrections agency and by requiring the Committee to submit a report of its findings and recommendations to the Regular Session of 1978.

Your Committee on Corrections and Rehabilitation is in accord with the intent and purpose of H.R. No. 41, as amended herein, and recommends that it be referred to your Committee on Legislative Management in the form attached hereto as H. R. No. 41, H.D. 1.

Signed by all members of the Committee.

SCRep. 99 Corrections and Rehabilitation on H. R. No. 24

The purpose of this Resolution is to request an interim study and review of responsibilities of the various agencies involved in providing services to juveniles confined at the Hawaii Youth Correctional Agency.

Your Committee finds that because the Family Court retains jurisdiction over juveniles confined at the facility, and because the facility personnel administer the day-to-day activities of the youths while the court creates individual treatment plans for the same youth, conflicts have arisen which might be resolved by clarifying their respective jurisdictions. Further, increased coordination is especially needed among all governmental agencies providing services to the juveniles confined at the facility.

Therefore, your Committee amended the Resolution to address both the issue of jurisdictional clarification and agency cooperation. The Committee also recommends that this study be submitted to the Legislature prior to the convening of the Regular Session of 1978.

Your Committee on Corrections and Rehabilitation is in accord with the intent and purpose of H.R. No. 24 as amended herein, and recommends that it be referred to your Committee on Legislative Management in the form attached hereto as H. R. No. 24, H.D. 1.

Signed by all members of the Committee.

SCRep. 100 Health on H. R. No. 78

The purpose of this Resolution is to have the Committee on Health review the programs and services of the community mental health centers and assess its effectiveness in meeting the needs of the people in their respective communities.

Testimony presented before your committee reflects the commitment by the Department of Health to insure the availability of mental health services to the State.

Your Committee has amended this Resolution to read: "BE IT FURTHER RESOLVED that the Committee on Health report on its findings and recommendations prior to the convening of the Regular Session of 1978; and".

Your Committee on Health concurs with the intent and purpose of H.R. 78 as amended herein, and recommends that it be referred to your Committee on Legislative Management in the form attached hereto as H. R. No. 78, H.D. 1.

Signed by all members of the Committee.

SCRep. 101 Health on H. R. No. 80

The purpose of this Resolution is to have the Committee on Health review the impact of the medicare and medicaid programs in Hawaii.

Presently, medicare and medicaid patients in the State of Hawaii utilize over 50 percent of the hospital beds and trends indicate a greater utilization of hospital beds in future years.

As a result, reimbursement from the medicare and medicaid program have played a significant role in health care assistance.

Your Committee has amended this Resolution to read: "BE IT FURTHER RESOLVED that the Committee on Health report on its findings and recommendations prior to the convening of the Regular Session of 1978; and".

Your Committee on Health concurs with the intent and purpose of H.R. 80 as amended herein, and recommends that it be referred to your Committee on Legislative Management in the form attached hereto as H. R. No. 80, H.D. 1.

Signed by all members of the Committee.

SCRep. 102 Health on H. R. No. 83

The purpose of this Resolution is to have the Committee on Health review the state immigrant health services program and continue to seek federal funds for such services to ensure the protection of public health against the spread of communicable diseases.

Your Committee finds that, with the influx of immigrants settling in Hawaii, incidence of communicable diseases has increased. As a result, various health services are provided by the Department of Health.

It was also acknowledged that while federal funds already pay part of the cost of many health programs providing services to immigrants, the disproportionately large numbers of immigrants who elect to settle in Hawaii in comparison with other states put a burden on the State's resources.

Your Committee has amended the Resolution to read:

"BE IT FURTHER RESOLVED that the House Committee on Health submit a report of its findings to the House prior to the convening of the 1978 legislative session; and".

Your Committee on Health concurs with the intent and purpose of H.R. 83 as amended herein, and recommends that it be referred to your Committee on Legislative Management in the form attached hereto as H. R. No. 83, H.D. 1.

Signed by all members of the Committee.

SCRep. 103 Health on H. R. No. 85

The purpose of this Resolution is to have the House Committee on Health review the vector control program of the Department of Health.

Your Committee acknowledges that, mosquitoes and rodents have been a problem in rural and newly populated urban areas.

Testimony presented before your Committee support the intent of the Resolution and express the need to review the vector control program in relation to community needs.

Your Committee has amended the Resolution to read: "BE IT FURTHER RESOLVED that the Committee submit a report of its findings to the House prior to the convening of the 1978 Legislative Session; and".

Your Committee on Health concurs with the intent and purpose of H.R. 85 as amended herein, and recommends that it be referred to your Committee on Legislative Management in the form attached hereto as H. R. No. 85, H.D. 1.

Signed by all members of the Committee.

SCRep. 104 Health on H. R. No. 87

The purpose of the Resolution is to have the Committee on Health review the implementation and progress of the state health planning program under the federal and state health planning and resource development acts.

Your Committee acknowledges that the State enacted and implemented a statewide health planning program in an effort to ensure health care services and facilities to meet the needs of the people of the State.

As a result, the State Health Planning and Developmental Agency is the agency that is responsible for developing a state health plan, state medical facilities plan, and annual implementation plan.

Your Committee has amended the Resolution to read:

"BE IT FURTHER RESOLVED that the Committee on Health report on its findings

and recommendations prior to the convening of the Regular Session of 1978; and".

Your Committee on Health concurs with the intent and purpose of H.R. 87 as amended herein, and recommends that it be referred to your Committee on Legislative Management in the form attached hereto as H. R. No. 87, H.D. 1.

Signed by all members of the Committee.

SCRep. 105 State General Planning on H. B. No. 152

The purpose of this bill is to provide for proper planning for the state.

Recognizing the importance of citizen participation in the proper development of the Hawai'i State Plan, section 225-23 of the Hawaii Revised Statutes presently mandates the director of the department of planning and economic development to hold public informational hearings at least six months prior to the finalization and submission of the state plan to the legislature.

Upon further consideration, your committee finds that this six-month requirement is an unnecessarily long period and that a 90-day period would be sufficient time for the department of planning and economic development to incorporate the public's input in the completed state plan. Therefore, H.B. No. 152 has been amended to reflect this change.

Your Committee on State General Planning is in accord with the intent and purpose of H.B. No. 152, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 152, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 106 Water, Land Use, Development and Hawaiian Homes on H. B. No. 511

The purpose of this bill would extend the building deadline of lessee's or purchaser's of a residence lot from the State from one year to two years, with the extension to be at six month intervals based on a demonstration of the lessee's or purchaser's progress in completing required improvements.

Many of the State's purchasers are having difficulty securing financing and they have been delayed in satisfying their building requirements. The added time this measure would provide will be extremely helpful.

Your Committee has amended the bill to better specify the satisfying of improvement requirements (page 2, line 5).

Your Committee on Water, Land Use, Development and Hawaiian HOMes is in accord with the intent and purpose of H.B. No. 511, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 511, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 107 Judiciary on H. B. No. 256

The purpose of this bill is to change the requirements for reporting accidents. At present, accidents involving death or injury or damage to property to an apparent extent of \$100 must be reported. Because repair costs have increased so rapidly, it would be more realistic to increase the reporting level from \$100 to \$300. This amendment to the statute would conform the section to the provisions of Section 291C-16, which provide that property damage involving less than \$300 is considered to be a minor accident.

Your Committee was informed that the sixty day limitation period provided for in Section 287-6 during which the Chief of Police must suspend the license or permit of a driver for failure to satisfy the requirements of Section 287-5 or to deposit security

should be increased because of the fact that in many cases more than sixty days is required for investigation to be completed. Amendment of the section would prevent discharge of more serious cases being discharged because investigations have not been completed in time. Accordingly, your Committee has amended the bill by replacing Section 3 to amend the period from sixty to ninety days.

Section 3 was renumbered for purposes of consistency.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 256, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 256, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 108 Judiciary on H. B. No. 249

The purpose of this bill is to exempt alleged rape victims less than 16 years old from the reporting requirements in rape cases. At present, no prosecution for rape can be maintained unless the alleged offense is reported to "public authority" within one month of its occurrence. Where the alleged victim is either under 16 years of age or otherwise incompetent to make a complaint, the limitation period is one month after a parent, guardian or specially interested person learns of the offense.

Your Committee is of the opinion that there should be a limitation period for reporting by such victims, and your Committee felt that a reasonable period would be one year after the above listed people learn of the offense. As a practical matter, rapes which are not promptly reported are generally not prosecutable but there may be instances where the victim may require time to prepare herself emotionally, physically and medically prior to reporting the offense. For this reason, your Committee has amended the bill to provide that alleged victims less than sixteen years old or otherwise incompetent to make a complaint must report the alleged offense within one year after a parent, guardian or specially interested person learns of the offense.

The purpose of the bill as amended is to increase the reporting period where alleged rape victims are under 16 years of age or incompetent to make a complaint.

Your Committee further amended the bill by replacing the words "public authority" in line 5 of page 1, with the words "the police department" in order to avoid any confusion or ambiguity as apparently there is some question as to whether or not the Sex Abuse Treatment Center is a "public authority."

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 249, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 249, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 109 Judiciary on H. B. No. 183

The purpose of this Act is to provide the State with the opportunity to defend actions under the State Tort Liability Act before a jury by amending Section 661-1 of the Hawaii Revised Statutes to permit jury trials of claims under the State Tort Liability Act.

Under the present law, any action against the State pursuant to the State Tort Liability Act is tried by the court without a jury. It is considered that the present provision is intended as an additional protection against the depletion of public funds by virtue of unreasonable jury verdicts. However, there exist at present, procedural safeguards against such unreasonable verdicts. Therefore, the rationale does not appear to be persuasive.

This section, also, has had adverse effects upon the interests of the State. The right to jury trial has long been thought to be the bulwark of our judicial system. The minds of the jurors are fresh, and the parties are therefore able to argue to triers of fact who are uninfluenced by long series of similar cases. The jury is thus in

a better position than a judge to decide which conduct is reasonable or unreasonable.

Further during pre-trial discovery and the trial itself, the judge may be exposed to inadmissible evidence. As a result of this exposure, the judge's peripheral knowledge of the case being tried before him has great potential for prejudice. A jury trial would protect against such improper influence.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 183, and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 110 Judiciary on H. B. No. 471

The purpose of this bill is to provide statewide for towing of vehicles parked without authorization on private property. During the past legislative session, the law permitting towing of such vehicles was amended to permit towing immediately in the City and County of Honolulu, while the neighbor island counties were excluded from the operation of the act because it was felt that unauthorized parking on private property was not that significant a problem. In effect, property owners in the neighbor island counties were permitted to tow only where the vehicle had been parked for over 24 hours.

Your Committee believes that there is no valid reason to treat the neighbor island counties any differently with respect to the illegal parking problem, and your Committee further believes that the concept that private property should be available to the owner for his own use, business and quiet enjoyment should be determinative.

Your Committee has amended the bill for purposes of clarity by removing the brackets from lines 6 and 7 of page 1 of the bill and instead placing a bracket between the words "unattended" and "for" on line 5 of page 1. The effect is that any vehicle left unattended on private or public property without proper authorization may be towed away, provided of course that other statutory requirements as to notice are complied with.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 471, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. NO. 471, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 111 Judiciary on H. B. No. 453 (Majority)

The purpose of this bill is to amend present law relating to revocation of the privilege to drive when a driver refuses to submit to breath or blood testing for alcohol by deleting the requirement of an affidavit by the arresting officer and requiring instead that the arresting officer submit a statement, attested to before senior officers authorized by the Chief of Police. This will eliminate the necessity of requiring various police officers to become notaries public simply for the purpose of notarizing affidavits in drunk driving cases where the accused refused to take the tests, and will result in greater operational efficiency of our police forces.

Your Committee was informed that there is precedent for such action, as at present, pursuant to Rule 8, District Court Rules of Penal Procedure, police sergeants designated by the Chief administer oaths for complaints resulting from the issuance of traffic citations.

The bill also replaces the word "magistrate" with the words "district judge" in order to update and conform the terminology to present law.

Your Committee has amended the bill by substituting the word "information" for the word "facts" and by adding words which were omitted in the drafting of this bill.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 453, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 453, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.
(Representative Nakamura did not concur)

SCRep. 112 Judiciary on H. B. No. 313

The purpose of this bill is to amend present law relating to the point system for evaluation of operators of motor vehicles by increasing the maximum number of points which may be imposed by the district judge for the offense of driving while under the influence of intoxicating liquor.

Your Committee heard testimony as to the statistics of accidents and fatalities involving drinking drivers and your Committee believes that this bill takes into account the hazard to the general public caused by persons who drink and drive.

Your Committee has amended the bill by changing the minimum number of points which may be imposed from 8 back to 4, the minimum under the present law, because your Committee is of the opinion that the imposition of points within the ranges mandated by the legislators should be left largely to the discretion of the District Judge.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 313, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 313, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 113 Judiciary on H. B. No. 447

The purpose of this Act is to prohibit the mere possession of a firearm or ammunition upon which any mark of identification has been altered, removed, or obliterated.

Under the present law, it is a felony for a person to wilfully alter, remove, or obliterate the name of the make, model, manufacturer's number, or other mark of identity of any firearm or ammunition.

Your Committee is aware of the many crimes committed by firearms and believes that this Act will prevent the possession of such firearms and subsequently reduce the number of unauthorized firearms available on the street. However, your Committee does not feel that prohibiting the mere possession of a firearm or ammunition with altered identification markings justifies punishment as a felony. Thus your Committee recommends that this Act be amended to prohibit the possession of such firearms or ammunition by one who has knowledge that any mark of identification has been altered, removed, or obliterated.

Your Committee further recommends that this Act be amended into two subsections for purposes of clarification. Subsection (a) would prohibit anyone from wilfully altering, removing or obliterating identification markings. It also makes possession of such firearms or ammunition presumptive evidence that the possessor violated this subsection. Subsection (B) would prohibit the possession of such firearms or ammunition by one who has knowledge that any mark of identification has been altered, removed, or obliterated.

Your Committee on Judiciary is in accord with the intent and purpose of H. B. No. 447, as amended herein and recommends that it pass Second Reading in the form attached hereto as H. B. No. 447, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 114 Judiciary on H. B. No. 239

The purpose of this Act is to upgrade the crime of terroristic threatening from a misdemeanor to a class C felony when a dangerous instrument is used.

Your Committee finds that the use of a dangerous instrument in threatening another person with the intent to terrorize poses a real danger to the victim who could receive serious bodily injury. Thus, your Committee feels that this crime warrants a more severe penalty than that provided for under the existing statute.

Your Committee recommends that this Act be amended by substituting the word "instrument" for the word "weapon" to bring the terms in conformity to the definitions used in the Penal Code.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 239, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 239, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 115 Judiciary on H. B. No. 240

The purpose of this Act is to prohibit the discharge of firearms in a public or private place subject to certain exceptions.

Your Committee heard testimony of instances where the police were unable to curb the discharge of firearms. However, your Committee expressed concern as to whether this Act is too broad and whether it might result in punishing reasonable discharge of firearms also.

The purpose of this Act, as amended, is to include any firearm, loaded or unloaded, in the definition of "dangerous instrument."

Your Committee amended this Act by amending the definition of "dangerous instrument" in Section 708-840(2), Hawaii Revised Statutes, to include any firearm, loaded or unloaded.

Your Committee feels that the use of a firearm whether or not it is loaded during the commission of a robbery should be punishable. The fact that the firearm is loaded or unloaded should not be a determinative factor as to whether the crime was committed since the victim would have no way of knowing if the firearm was loaded. Your Committee is concerned with the increasing number of crimes committed with firearms and recognizes the necessity to curb the use of firearms.

Your Committee further amended this Act by also amending Section 707-700(4) to include in the definition of "dangerous instrument" any firearm, loaded or unloaded. This is to keep consistent the definition of "dangerous instrument" throughout the Penal Code.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 240, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 240, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 116 Judiciary on H. B. No. 263

The purpose of this bill is to amend the Penal Code by including in the crime of reckless endangering in the first degree, the intentional firing of a firearm in a manner which recklessly places another person in danger of death or serious bodily injury. This inclusion is felt to be appropriate because in many situations involving the intentional firing of a firearm, the elements necessary to constitute attempted murder are lacking and have been classified as reckless endangering in the second degree, which is a misdemeanor. Because firearms are involved, your Committee believes

that classification as a felony is appropriate.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 263 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 117 Education on H. B. 197

The purpose of this bill is to exempt from civil service all classroom cleaners and lunch supervisors employed by the department of education on less than half-time basis. This bill will allow the department of education flexibility in the hiring of persons to fill vacancies.

Your Committee on Education is in accord with the intent and purpose of H.B. No. 197 and recommends that it be referred to the Committee on Public Employment and Government Operations for further consideration.

Signed by all members of the Committee except Representative Evans.

SCRep. 118 Higher Education on H. B. No. 486

The purpose of this Act is to provide funds for the allied health programs at Kapiolani Community College for the fiscal biennium 1977-79 in order that these programs might continue at the current service level.

In the past, hospitals operated schools and training programs to meet their manpower needs. These programs were phased out in favor of a centralized allied health program in the community college system which was established at Kapiolani Community College. Statistics submitted to the Committee indicated an 82% or higher rate of employment for students in the allied health fields.

Testimony from the Chancellor for Community Colleges revealed that given the existing budgetary constraints, consideration is being given toward decelerating certain allied health programs by offering such programs on an alternating year basis rather than yearly. (Presently, four out of eight programs admit freshmen on an alternating year cycle.)

Testimony from students and various hospitals revealed that budget reductions in the allied health programs would have a profound impact on the cost and delivery of quality health care in Hawaii. Without an ongoing supply of locally trained allied health personnel, the cost of health care would undoubtedly increase as hospitals would be forced to advertise and recruit for these positions from the mainland.

Also expressed was concern for the accreditation of all allied health programs. Under the provisions of Public Law 96-203, amendments to the Social Security Act, all allied health workers must be certified in order for hospitals to obtain Medicare and Medicaid payments. In order to take a certifying examination, applicants must graduate from an accredited allied health program. The Committee is aware of the possible loss of accreditation of certain programs if full funding is denied.

Your Committee therefore recommends an appropriation of \$241,081 for the 1977-79 fiscal biennium to fully fund the allied health programs at Kapiolani Community College.

Your Committee also recommends that the bill be amended to include the following allied health programs: dental assisting, dietetic technician, and medical record technician.

Your Committee on Higher Education is in accord with the intent and purpose of H.B. No. 486 as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 486, H.D. 1 and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 119 Legislative Management

Informing the House that House Resolution Nos. 400 to 435, House Concurrent Resolution Nos. 61 to 71 and Standing Committee Report Nos. 120 to 137 have been printed and distributed.

Signed by all members of the Committee.

SCRep. 120 Health on H. B. No. 203

The purpose of this Bill is to enable the Hawaii Tumor Registry to provide relevant information in its files to the patient's hospital and will also update the names of the organizations with whom the Department of Health cooperates on cancer programs.

Your Committee finds that hospitals accredited by the American College of Surgeons must maintain a tumor registry which contains data on all cancer patients diagnosed or treated at that hospital and annual followup data on all such patients. Presently, each hospital at which a person with cancer has been a patient must write to the patient's attending physician or physicians in order to acquire data.

Furthermore, your Committee acknowledges that if a patient has changed his or her physician and hospital, this makes it difficult for hospitals to keep followup files current, resulting to possible loss of accreditation.

This Bill would enable the Hawaii Tumor Registry to assist hospitals to obtain information and would make it unnecessary for two or more hospitals to write for information on the same patient.

This Bill also enables current hospitals to obtain patient information regarding diagnosis, treatment, etc.

Your Committee on Health is in accord with the intent and purpose of H.B. No. 203 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 121 Health on H. B. No. 200

The purpose of this Bill is to amend Chapter 329 of the Hawaii Revised Statutes in order to permit the Department of Health to add and delete controlled substances in the Controlled Substances Act to conform with Federal Schedules.

Your Committee finds that the Department of Health is required to annually submit to the Legislature required changes in the Controlled Substances Act to bring it in line with Federal Schedules. These changes are subject for approval by the State Legislature.

In reviewing other state laws, the Department of Health has found that only Hawaii must wait until the next legislative session to recommend the changes in the scheduling of controlled substances.

The amendment to Chapter 329 of the Hawaii Revised Statutes would allow the Department of Health to add, delete, or reschedule controlled substances in accordance with changes in the Federal law on a temporary basis until the next session of the legislature.

Your Committee acknowledges that if the legislature does not approve the temporary changes, temporary control of the changes would be nullified.

Your Committee on Health is in accord with the intent and purpose of H.B. No. 200 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 122 Employment Opportunities and Labor Relations on H. B. No. 211

The purpose of this bill is to add a new section to the Temporary Disability Insurance Law which would prohibit insurance companies from collecting premiums for covering employees who do not meet eligibility requirements for benefits under the law.

The Temporary Disability Insurance Law requires employers to provide benefit coverage for employees. An employer has an option to bear premium costs for the insurance himself or to share them with his employees. Where an employee is ineligible for benefits because he does not meet the law's eligibility requirements, the employer must pay the entire premium cost as the law prohibits the withholding of premium contributions from wages of ineligible workers.

There are many employees in the labor force who work less than the 14 weeks in a year or the twenty hours in a week required for benefit qualification under the law. The continuance of the practice by insurance companies of collecting premium costs for such ineligible employees will place unreasonable financial burdens on employers. This administration proposal will relieve employers of an unnecessary burden of paying premium cost for employees who will not collect benefits under the Temporary Disability Insurance Law.

Your Committee on Employment Opportunities and Labor Relations is in accord with the intent and purpose of H.B. 211 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 Evans.

SCRep. 123 Employment Opportunities and Labor Relations on H. B. No. 170

The purpose of this bill is to amend chapter 202 to increase on the Commission on Manpower and Full Employment from present flexible membership (12 to 18 members) to 20 members. This change is necessitated by the Federal Vocational Act of 1963.

Hawaii annually receives more than two million dollars in Federal Vocational education funds. A requirement for the receipt of funds under the Act is a State advisory council on vocational education. The Commission on Manpower and Full Employment presently serves as the state advisory council. PL 94-482, approved on October 12, 1976, amended the existing federal statute to require a minimum of 20 members on the advisory council, thereby necessitating the proposed amendment of Section 202-1, Hawaii Revised Statutes. This amendment must be enacted prior to FY-1978 in order to ensure the State's continuing eligibility for Federal Vocational education funds.

At the public hearing on this bill, it was suggested that the Commission should include one or more representatives from the Pearl Harbor Association. Your Committee is of the opinion that representation from said association would foster needed coordination between those who are responsible for vocational education and those who are responsible for employment.

Your Committee on Employment Opportunities and Labor Relations is in accord with the intent and purpose of H.B. No. 170 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 Evans.

SCRep. 124 Employment Opportunities and Labor Relations on H.B. No. 208

The purpose of this bill is to amend the child labor law so minors between the ages of 14 and 16 will be permitted to work until 9:00 p.m. between June 1 and the day before Labor Day.

Presently, under the child labor law, minors 14 and 15 years of age are permitted to work between 7:00 a.m. and 7:00 p.m. during the school year and between 6:00 a.m. and 8:00 p.m. from June 1 through the day before Labor Day. Many minors have found employment opportunities restricted because of the 8:00 p.m. summer employment time limitation. As numerous businesses adhere to a 9:00 p.m. closing time, employers are reluctant to accommodate a minor who must cease work at 8:00

p.m. Federal child labor regulation presently permits the employment of 14 and 15 yearold minors up to 9:00 p.m. during summer months. Thirtyseven states permit the employment of minors up to 9:00 p.m. throughout the year.

Your Committee is of the opinion that the proposed slight modification of the child labor law to permit an extra hour of employment during the summer for minors between the ages of 14 and 16 will aid minors who find it necessary to work during summer vacations. As this will be limited to the summer months, it will not be detrimental to the minors involved.

Your Committee on Employment Opportunities and Labor Relations is in accord with the intent and purpose of H.B. No. 208, and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 125 Employment Opportunities and Labor Relations on H. B. No. 210

The purpose of this bill is to amend Section 386-41, Hawaii Revised Statutes, to require payment of the actual funeral and burial expenses of a deceased worker, up to a maximum of \$1,500 by the employer or his insurance carrier even though the deceased worker was covered by a prepaid funeral and burial plan.

Presently, the employer of a worker who dies as a result of an industrial accident is liable for his funeral and burial expenses up to a maximum of \$1,500. Said sums are payable directly to the mortician and cemetery. Where the deceased worker was enrolled in a prepaid funeral and burial plan, the employer is relieved of this liability as the mortician and cemetery receive payment from the prepaid plan. By Act 64, Session Laws 1973, the employer was required to pay the equivalent of actual funeral and burial expenses to the surviving spouse or to his estate in a situation where the deceased worker was covered under a prepaid funeral and burial plan. In 1974 when Act 153, which generally increased benefits, was enacted the provisions of Act 64 were inadvertently deleted from the law. This bill proposes to reenact those inadvertently omitted provisions.

The rationale for the enactment of Act 64, Session Laws 1973, was that an employer should not be relieved of part of his liability for an industrial death because a deceased worker purchased funeral and burial insurance coverage. In effect, the Legislature felt employers were being relieved of liability because the deceased workers themselves assumed said liability. The foregoing rationale is still valid and your Committee agrees it is equitable to provide for payment of the equivalent of funeral and burial expenses to surviving spouses or estates of deceased workers in the situations involved.

Your Committee on Employment Opportunities and Labor Relations is in accord with the intent and purpose of H. B. No. 210 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 Evans.

SCRep. 126 Culture and the Arts on H. R. No. 71

The purpose of this resolution is to request the House Committee on Culture and the Arts conduct a feasibility study of establishing a Hawaii hall of government giving particular attention to locating such a facility in an existing public building in the Hawaii Capitol District.

There exists today, no single place where citizens and visitors can experience the symbols of civic leadership in Hawaii. A Hawaii hall of government could not only provide a vehicle for that experience, but would be a valuable resource center for scholars interested in contributing and learning about Hawaii's unique history.

Your Committee believes that such a concept merits greater attention and more time and therefore recommends an amendment requesting that an interim study be conducted by the legislative reference bureau who shall report back no later than twenty days prior to the 1978 legislative session.

Your Committee on Culture and the Arts is in accord with the intent and purpose of H.R. No. 71, as amended herein and recommends that it be referred to your Committee on Finance in the form attached hereto as H.R. No. 71, H.D. 1.

Signed by all members of the Committee except Representative Carroll.

SCRep. 127 Employment Opportunities and Labor Relations on H. R. No. 135

The purpose of this resolution is to request the Employment Opportunities and Labor Relations Committee to review the State's unemployment insurance laws, with particular attention to the 1976 amendments.

Act 157, Session Laws of Hawaii 1976, made major amendments to the State's unemployment insurance laws. The State Department of Labor and Industrial Relations indicated that a study was currently being conducted to determine the impact of these amendments and that a report would be made available during the interim period. Therefore, your Committee has decided it would be beneficial to review the Department's findings and recommendations to determine the full effects of Act 157 and at the same time consider other concerns such as the status of the Unemployment Insurance Trust Fund.

Therefore, your Committee has amended this resolution to provide for an interim legislative review of Hawaii's unemployment insurance law with findings and recommendations due prior to the convening of the 1978 Regular Session.

Your Committee on Employment Opportunities and Labor Relations concurs with the intent and purpose of H.R. No. 135 as amended herein, and recommends that it be referred to your Committee on Legislative Management in the form attached hereto as H.R. No. 135, H.D. 1.

Signed by all members of the Committee.

SCRep. 128 State General Planning on H. R. No. 160

The purpose of this resolution is to request the House Committee on State General Planning to examine and coordinate the work of the various government agencies dealing with population and futures research.

Your Committee finds that due to Hawaii's limited land mass and fragile ecology, the size and nature of its resident population strongly influences the quality of life in the State. Unplanned population growth can have serious environmental, social, and economic impacts which may detract from the Hawaii we know today. However, progress in the field of demography indicates that the size, nature, composition, and distribution of population is no longer beyond the guidance of public policy. Recognizing this, various state and county agencies, commissions, and boards have been studying the problem and making recommendations for programs and policies to deal with population changes.

Your Committee finds that because population is an essential element of the planning process, the State General Planning Committee is hereby requested to study and mesh together the efforts of the various government agencies in developing a workable state plan which will sufficiently address the issue of population.

All testimony received supported the intent of H.R. 160. However, the Director of the Department of Planning and Economic Development suggested that the study be undertaken during the Interim Session instead of the Regular Session of 1977.

Your Committee upon further consideration has amended H.R. No. 160 to provide for the submission of the findings of the Committee to the 1978 Session rather than the 1977 Session.

Your Committee on State General Planning concurs with the intent and purpose of H.R. No. 160, as amended herein, and recommends that it be referred to the Committee on Legislative Management in the form attached hereto as H.R. No. 160, H.D. 1.

Signed by all members of the Committee.

SCRep. 129 Public Employment and Government Operations on H. B. No. 559

The purpose of this bill is to include state firemen in the definition of "firemen" for retirement benefits in the state retirement system.

Presently firefighters who are employees of the state are not included under the definition of "firemen" as provided in section 88-21, Hawaii Revised Statutes. Consequently, these firefighters are not eligible for retirement benefits provided for firefighters employed by the counties. By amending the statutory definition of "firemen" to include state employed firefighters, retirement benefits of county firefighters will be extended to these state employees.

Your Committee on Public Employment and Government Operations is in accord with the intent and purpose of H.B. No. 559 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 130 Public Employment and Government Operations on H. B. No. 632

The purpose of this bill is to allow purchase of prior service rendered by employees of Haliimaile Dispensary and Paia Hospital, as well as by persons serving as full-time sheriff or deputy sheriff for credit in the employees' retirement system.

Testimony presented before your Committee showed that employees of private hospital operations which later became part of the state/county hospital system were allowed to purchase prior service credits for services rendered before transfer to the State. It now appears that such provisions were not clearly spelled out for employees of Haliimaile Dispensary and Paia Hospital. This bill would allow them to buy back prior service credit for retirement purposes.

The office of the sheriff was transferred to the Judiciary in 1975 and the positions of full-time sheriff and deputy sheriff were converted from appointed to civil service positions. As a result of this conversion, persons serving as sheriff and deputy sheriff have become members of the employees retirement system. Your Committee feels that any services rendered by these persons as appointed employees should be included in service credit towards retirement. This bill would allow such persons to purchase prior service credit for previous services rendered as full-time sheriff or deputy sheriff in the office of the sheriff.

Your Committee on Public Employment and Government Operations is in accord with the intent and purpose of H.B. No. 632 and recommends it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 131 Public Employment and Government Operations on H. B. No. 562

The purpose of this bill is to allow a public employee the option to continue contribution into the retirement system during periods when the employee is receiving worker's compensation benefits.

Presently, when an employee is absent from his job because of injuries and is receiving worker's compensation benefits, he still continues to earn retirement credits as though he is actually performing his regular duties. However, contributions to purchase the retirement credits are not deducted from his worker's compensation benefit payments and the employee is faced with the purchase of accumulated credits when he returns to work.

This bill would allow the employees to elect to continue contributions into the retirement system in an amount equal to his regular deduction and to authorize such deductions be made from his worker's compensation benefit payment.

Your Committee on Public Employment and Government Operations has amended H.B. No. 562 to allow the employee the option to authorize deductions from his worker's compensation benefit payments for purchase of retirement credits. The original bill made it mandatory that such deductions occur and your Committee feels that

the circumstances surrounding each case are unique and that the employee is best able to determine whether contribution to the retirement system should be made during a time when workers compensation benefits are being provided. Consequently, your Committee has amended the bill to substitute the phrase "shall have deducted" to "may elect to have deducted."

Your Committee on Public Employment and Government Operations is in accord with the intent and purpose of H.B. No. 562, as amended herein and recommends it pass Second Reading in the form attached hereto as H.B. No. 562, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 132 Public Employment and Government Operations on H. B. No. 192

The purpose of the bill is to clarify statutory language relating to the condition under which accidental death benefits may be provided for a member of the state retirement system.

Section 88-85, Hawaii Revised Statutes, presently allows accidental death benefits to be provided if the death of a member occurred while in the actual performance of duty and was not caused by negligence on the part of the member. According to testimony presented before your Committee, "negligence" on the part of the member is difficult to prove causing problems in eligibility determinations. In recognition of this fact, the legislature previously amended statutes relating to service connected disability retirement to provide that negligence must involve "willful negligence" in order for a member to be disqualified from receiving benefits. To provide statutory consistency, H.B. No. 192 proposes to add the term "willful" to negligence to clarify conditions under which accidental death benefits may be provided.

Your Committee has also amended H.B. No. 192 to include police officers, along with firemen and sewer workers, in being eligible for accidental death benefits when death is a result of a health impairment from diseases of the heart, lungs, or respiratory system. This amendment will conform with the intent of previous amendments to section 88-77 enacted in 1976. At the time, police officers were inadvertently excluded from this class of employees eligible to receive accidental death benefits.

Your Committee on Public Employment and Government Operations is in accord with the intent and purpose of H.B. No. 192, as amended herein, and recommends it pass Second Reading in the form attached hereto as H.B. No. 192, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 133 Ecology and Environmental Protection on H. B. No. 311

The purpose of this Act is to repeal Section 235-11, Hawaii Revised Statutes; Section 237-27.5, Hawaii Revised Statutes; Section 238-3(j), Hawaii Revised Statutes; and Section 246-34.5, Hawaii Revised Statutes.

Your Committee finds that these provisions, while well intended, have not provided an incentive to install pollution control devices.

Your Committee is in agreement with testimony that these provisions should be repealed as they serve no useful purpose.

Your Committee recommends an amendment on page 8, line 3. This amendment includes a closing bracket at the end of line 3 which was not included in the original bill. Your Committee also recommends an amendment on page 8, lines 8 and 9, to change the effective date of Section 1 to conform to the effective dates of the other sections, from January 1, 1977 to July 1, 1977.

Your Committee on Ecology and Environmental Protection is in accord with the intent and purpose of H.B. 311 as amended herein, and recommends that it pass Second

Reading in the form attached hereto as H.B. 311, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 134 Tourism and State General Planning on H. B. No. 144

The purpose of this Act is to enhance the planning and design process and implement the policies established under Act 133, Session Laws of Hawaii 1976, by concentrating greater public effort on maintaining and developing well-designed, attractive, high-quality destination areas for visitors throughout the State of Hawaii.

Means selected for fulfilling this purpose are urban and regional design plans to be prepared and implemented by each individual county of the State with the assistance and guidance of the Department of Planning and Economic Development.

House Bill No. 144 amends Chapter 57, Hawaii Revised Statutes, by adding a new section which specifically deals with the design plans for tourist destination areas. The counties will be required to prepare design plans with the provision that it be in conformity with the objectives and policies established under Act 133, Session Laws of Hawaii 1976, tourism master plan adopted by the legislature.

After holding a joint public hearing on the subject matter and in light of the testimonies received, your Committees recommend the following amendments:

1. Page 3, line 19:

...areas recommended by the individual counties...

Your Committees feel that the counties should have the prerogative to designate destination areas prior to the adoption of a tourism master plan.

2. Appropriations section omitted.

Your Committees feel that sufficient funds will be appropriated under H.B. No. 154-77, H.D. 1, and that no special funding is needed at this time.

3. Page 4, line 14:

...legislature and governor of the State of Hawaii...

Your Committees have proposed this amendment after hearing testimony from the Department of Planning and Economic Development.

4. Page 4, SECTION 4.

Your Committees have made this amendment to comply with the aforementioned changes. The completion date has also been extended to January 1, 1979, to give the counties sufficient time to complete their plans.

Your Committee on Tourism and your Committee on State General Planning are in accord with the intent and purpose of H.B. No. 144, as amended herein and recommend that it pass Second Reading in the form attached hereto as H.B. No. 144, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Ikeda.

SCRep. 135 Judiciary on H. B. No. 307 (Majority)

The purpose of this Act is to amend the Criminal Injuries Compensation Law by providing for the awarding of compensation only to a person or victim who is a resident of the State or a resident of a state which provides similar compensation to residents of this State. The Act also provides for increasing the limit of compensation awardable from \$10,000 to \$50,000.

The bill would exclude compensation to residents of four states which have similar

laws, but restrict benefits to their residents only. It would also exclude compensation to residents of 27 other states which have no criminal injuries compensation laws.

Your Committee has amended the bill for clarity, to provide that the person or victim must be a resident of this state or of a state which provides similar compensation to Hawaii residents at the time the act or omission upon which the claim is based occurred.

Your Committee further amended the bill by decreasing the maximum amount awardable from \$50,000 to \$25,000.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 307, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 307, H.D. 1 and be referred to the Committee on Finance.

Signed by all members of the Committee.
(Representative Medeiros did not concur.)

SCRep. 136 Public Employment and Government Operations on H. B. No. 193

The purpose of this bill is to waive the 30-day waiting period for retirement in providing death benefits under the mode of retirement selected by the deceased member if death is due to terminal illness.

Present law requires persons to file an application for retirement not less than 30-days, or more than 90-days from the date specified as the date of retirement. Should the member die during this period between the date of filing his application for retirement and the effective date of retirement, he would receive ordinary death benefits and be treated as if he had died in service. Testimony presented before your Committee showed that in many of these cases, death is a result of a terminal illness such as cancer and that the employee was not aware of the seriousness of his illness and therefore unable to make a timely application for retirement.

House Bill 193 would waive the waiting period in such cases where a member dies prior to retirement, but only under the condition that the attending physician certify that he was aware of the terminal nature of the members' illness more than 30-days prior to his death, and that he deemed it inadvisable to inform the member of his terminal condition for the well being of the patient. The effect of this amendment would be to allow the beneficiaries of such persons to receive death benefits as if the member had died after the effective date of retirement.

Your Committee on Public Employment and Government Operations is in accord with the intent and purpose of H.B. No. 193 and recommends it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 137 State General Planning on H. R. No. 158

The purpose of this resolution is to request federal financial assistance to states like Hawaii which receive large numbers of foreign immigrants.

Since the United State Congress thoroughly revised its policy in 1965, immigration to Hawaii has steadily increased. During the ten-year period between 1960-1970, more than 36,000 aliens arrived in Hawaii with intentions to reside in the state and constituted more than one quarter of the net population increase. However, in the five-year period between 1970-1975, the number of immigrants approxi-mately doubled, with 37,500 aliens arriving and constituting more than 40% of the net population increase. In 1975, Hawaii received 8.7 immigrants per thousand civilian population. This was the highest ratio in the nation and 4.8 times the national average of 1.83 immigrants per thousand civilian population. As a result of accumulated immigration, aliens comprised 8.2% of Hawaii's civilian population in fiscal year 1975, a larger proportion than any other state in the Nation.

Immigrants to Hawaii face many problems in such areas as language and communication, employment, housing, health, and social adjustment. Therefore, many immigrants require economic and social assistance in adjusting to new lives and becoming contributing

members of a new community.

Since the increase in immigration to Hawaii can be directly traced to federal action, your Committee feels that federal assistance in meeting the needs of Hawaii's immigrant population is justified.

Your Committee upon further consideration has made the following amendments to H.R. No. 158:

- (1) That the President of the U.S. Senate and the Majority Leader of the U.S. House of Representatives are also added to the first "BE IT RESOLVED" clause.
- (2) That financial assistance is requested for states such as Hawaii which receive large "numbers" of foreign immigrants, not large "members".
- (3) That the second "BE IT RESOLVED" clause be omitted.
- (4) That certified copies of H.R. 158, H.D. 1 be also sent to the President of the U.S. Senate, the Majority Leader of the U.S. Senate, and the Majority Leader of the U.S. House of Representatives.

Your Committee on State General Planning concurs with the intent and purpose of H.R. No. 158, as amended herein, and recommends that it be referred to the Committee on Legislative Management in the form attached hereto as H.R. No. 158, H.D. 1.

Signed by all members of the Committee.

SCRep. 138 Water, Land Use, Development and Hawaiian Homes on H. B. No. 733

The purpose of this bill is to appropriate out of the general revenues of the State of Hawaii the sum of \$367,300 for the continuation of the Corps of Civilian Workers program.

The statewide Corps of Civilian Workers program is scheduled to be terminated on June 30, 1977. The CCW program is a special work program of conservation to alleviate unemployment and was initiated pursuant to the provision of Chapter 193-1 of the Hawaii Revised Statutes. A total of 24 workers are employed under the CCW program, performing much needed deferred maintenance of park facilities.

Your Committee on Water, Land Use, Development and Hawaiian Homes is in accord with the intent and purpose of H.B. No. 733 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 139 Finance on H. B. No. 6

The purpose of this bill is to appropriate funds to accelerate the State's program of repair and maintenance of public facilities. The Committee on Finance believes that accelerating the program will offer a positive solution to unemployment and will stimulate job opportunities for construction trades affected by high unemployment.

The bill appropriates \$5,000,000 to the department of accounting and general services for the repair and maintenance, and renovation of public facilities. The bill provides that prior to expending any appropriations, the department of accounting and general services shall consult with the department of labor and industrial relations for the purpose of determining the repairs and maintenance projects that can best alleviate the high unemployment condition in the construction industry.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 6, as amended herein, and recommends that it be committed to the Committee on Finance in the form attached hereto as H.B. No. 6, H.D. 1.

Signed by all members of the Committee except Representative Morioka.

SCRep. 140 Legislative Management

Informing the House that House Resolution Nos. 436 and 437 and Standing Committee Report Nos. 138 and 139 and 141 to 174 have been printed and distributed.

Signed by all members of the Committee.

SCRep. 141 Housing on H. B. No. 934

The purpose of this bill is to provide an appropriation for the operation of the Council of Housing and Construction Industry.

Cognizant of the fact that the housing industry has been faced with some serious problems, one of which is the high price of housing, the Legislature enacted Act 166 during the last legislative session. This Act established, within the Office of the Governor, a Council of Housing and Construction Industry, whose functions are to include surveying the statewide needs for housing and suggesting means of overcoming difficulties in meeting these needs through an examination of the governmental structure, activities and structures, as they relate to housing. In addition the Council will 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.

Upon review of the purposes and duties of this Council, your Committee feels that financing is essential for the Council to effectively carry out its numerous assigned tasks. This appropriation would also be in compliance with the legislative intent as stipulated in Section 5 of the same Act 166, whereby it is stated that "The council may be subject to resources available to it, enter into contracts with consultants for studies which it believes the state or county agencies are not equipped nor have the personnel to perform the work required."

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

1. page 1, line 2 - The sum of \$50,000 has been appropriated for the operation of the Council.
2. page 1, line 7 - The Office of the Governor has been designated as the expending agency in lieu of the Department of Planning and Economic Development.

Since the Council is located in the Office of the Governor, it is felt that this would be the more appropriate expending agency.

Your Committee on Housing is in accord with the intent and purpose of H.B. No. 934, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 934, H.D. 1 and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 142 Housing on H. B. No. 715

The purpose of this bill is to appropriate the sum of \$2,000,000 for the operation of the State home renovation and rehabilitation program.

During the 1976 Legislative Session, Act 178 was enacted which authorized the Hawaii Housing Authority to make loans to homeowners for the purpose of rehabilitating or renovating their existing dwelling units. Such rehabilitative efforts would not only help to alleviate the growing need for housing through the preservation of existing structures, but would also help to maintain the unique lifestyles of older communities. Furthermore, the implementation of this program would help to boost the State's ailing construction industry by providing jobs for the many skilled and unskilled laborers presently unemployed.

Although the sum of \$1,000,000 was appropriated during the last legislative session for this purpose, these funds will lapse at the end of this fiscal year if they are not released. Your Committee believes that a continuance of funds is necessary in order that the Hawaii Housing Authority may begin implementing this program.

Your Committee on Housing is in accord with the intent and purpose of H.B. No. 715 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 143 State General Planning on H. B. No. 155

The purpose of this bill is to amend Chapter 225 of the Hawaii Revised Statutes to require functional plans to be adopted by the legislature through concurrent resolution.

Testimony by the Department of Planning and Economic Development supported the intent of this bill. However, the DPED suggested that the definition of a functional plan be changed so as not to restrict it solely to service-oriented activities. Moreover, the DPED suggested that instead of requiring functional plans to be adopted by concurrent resolution, they be submitted to the legislature to be considered for adoption by concurrent resolution.

Upon further consideration, your Committee has amended H.B. 155 to conform to the DPED's suggested definition of a "functional plan". However, there is wide latitude in the manner in which this definition may be interpreted. Therefore, it is the intent of your Committee that this bill primarily apply to major functional plans and that initially, "functional plans" as defined herein shall include, but not be limited to, such plans as the Coastal Zone Management Plan, Tourism Master Plan, Agriculture Master Plan, Land Use Guidance Policies, Master Plan for Community Colleges, State Comprehensive Health Plan, Hawaii Water Regional Resources Study, Statewide Transportation Plan, Statewide Housing Assistance Master Plan, State Public Water System Supervision, Hawaii Areawide Waste Treatment Management Plan, and Conservation District Plan.

Furthermore, your Committee has amended H.B. 155 to pertain only to functional plans prepared by state agencies and to require these plans to "be in consonance with and further implement" the State Plan. No functional plans shall be implemented until adopted by the legislature by concurrent resolution and any changes in the scope or intent of functional plans must have legislative approval. Your Committee finds that these amendments are necessary to ensure the coordinated implementation of functional plans within the state plan policy framework. Other nonsubstantive form changes were also made.

Your Committee on State General Planning is in accord with the intent and purpose of H.B. No. 155, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 155, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 144 Health on H. B. No. 204

The purpose of this Bill is to amend Section 572-5, Hawaii Revised Statutes to enable nongovernment agents to assist in issuing marriage licenses at state facilities.

Your Committee finds that during peak periods, the issuing of marriage license at Kinau Hale is a lengthy process.

In order to facilitate these periods, there is a need to permit nongovernment agents to issue marriage licenses in state facilities.

Your Committee has amended H.B. No. 204, Section 572-5 (b) to read: "The department may appoint regular employees under the civil service and classification laws

the number of suitable persons as agents authorized to grant marriage licenses for whom provision has been made in the general appropriation act. In the case of such agents, the full amount collected from applicants shall be remitted to the director of finance as a general realization of the State."

This amendment would permit marriage license authorization to other counties if the need arises.

Your Committee on Health is in accord with the intent and purpose of H.B. No. 204, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 204, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 145 Housing and Water, Land Use Development and Hawaiian Homes
on H. B. No. 103

The purpose of this bill is to require 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 Committees feel that such an inventory is needed and would be beneficial to the Hawaii Housing Authority and other developers in providing information on available public lands to meet the future housing needs of the State. This need is supported in the State Housing Study (January 1977) prepared by Daly and Associates which states the following: "A survey of all State land should be undertaken to assess the potential of this land for residential use. Land which is suitable in terms of cost, locations, and alternative uses for future residential development should be 'earmarked' for future State-assisted housing development." The study goes on to say, "The State is not only an important source of land; the land itself is often obtained at prices or lease terms which are lower than those offered by the private sector. The continued identification and sale or lease of land for housing is essential to the success of the State's housing program."

Upon consideration of this bill, your Committees have made the following amendments:

1. page 1, lines 4 and 7 - The words "state-owned" have been changed to "public".
2. page 1, line 7 - The words, "state owned lands" have been deleted and the words "public lands placed in the urban district by the land use commission under Chapter 205" have been added.
3. page 1, line 8 - 11 - The comma after the word "development" has been changed to a period, and the rest of the sentence has been deleted.

In testifying during a public hearing the Department of Land and Natural Resources indicated that completing an inventory of all public lands which are or may be suitable and available for residential development, regardless of present land use designation or county zoning, would be an extremely difficult task in light of a shortage of manpower and funds. Your committees have thus amended this bill to reflect that such an inventory is to include all public lands designated for urban use.

Your Committees on Housing and Water, Land Use Development and Hawaiian Homes are in accord with the intent and purpose of H.B. No. 103, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 103, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committees.

SCRep. 146 Judiciary on H. B. No. 184

The purpose of this bill is to give the courts discretionary power with respect to awarding costs and fees provided for in section 9 of the State Tort Liability Act, to revise the limit of attorney's fees allowable under section 12 of said Act, and to provide that attorney's fees are to be paid out of and not in addition to the amount of any judgment

under said Act.

Your Committee heard testimony from the Attorney General's office to the effect that unlike the federal counterpart, the State Tort Liability Act did not clearly indicate that attorney's fees were to be paid out of and not in addition to any judgment. Consequently, a Hawaii Supreme Court decision held that the court could add attorney's fees to any judgment.

Your Committee believes that the bill will place the State in the same position as other defendants by providing that attorney's fees are to be taken out of the judgment.

Your Committee amended the bill by raising the maximum allowable attorney's fees under the Act from twenty (20) to thirty-three and one-third (33-1/3) percent to bring the amount of attorney's fees more on line with present practice within the state.

Your Committee also amended the bill by making style changes in the interest of clarity.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 184, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 184, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 147 Finance on H. B. No. 732

The purpose of this bill is to authorize the refund of vehicle weight tax to a person who has paid the tax and sells or transfers the vehicle to a nonresident military personnel or other person exempt from the payment of the tax.

Under the present law (HRS 249-3), the vehicle weight tax is refunded on a prorated basis when a vehicle is junked or shipped out of state, or placed in storage. This bill would extend the refund to cases where a vehicle is transferred to nontaxable persons, such as nonresident military personnel who are exempt by federal law for the county vehicle weight tax.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 732 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 148 Public Employment and Government Operations on H. B. No. 634

The purpose of this bill is to allow public employees to retain those fees they receive for serving as jurors.

Presently, employees covered under collective bargaining contracts are entitled to retain fees paid to them for serving as jury members. House Bill 634 would accord the same benefit to employees excluded from collective bargaining thereby achieving equity among all public employees.

Your Committee on Public Employment and Government Operations is in accord with the intent and purpose of H.B. No. 634 and recommends it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Abercrombie.

SCRep. 149 Public Employment and Government Operations on H. B. No. 512

The purpose of this bill is to establish a permanent elections staff, subject to the provisions of Chapters 76 and 77, Hawaii Revised Statutes, to supervise state elections, maximize registration of eligible voters, maintain data concerning registered voters, elections, apportionment and districting, and to perform other duties as prescribed by law.

Presently, elections staff positions are filled by temporary appointments of the Lt. Governor who is the Chief Elections Officer of the State. The duration of these appointments are limited by the Lt. Governor's term of office, thus, there is no guarantee of staff continuity from one administration to the next.

Your Committee finds that elections are a permanent activity of government and one that has become increasingly technical and specialized. Not only must they be run impartially and efficiently, but the results must be accurate and quickly obtainable. Your Committee feels that the services of persons having the knowledge and expertise which is gained through years of experience are required to perform the elections staff functions. Therefore, your Committee recommends that Section 11-5, Hawaii Revised Statutes, be amended by adding provisions permitting the Chief Elections Officer to employ a permanent staff subject to Chapter 76 and 77, as well as temporary election employees, none of whom shall be subject to Chapters 76 and 77, as he may find necessary. Your Committee recommends further, that Sec. 76-16, Hawaii Revised Statutes, be amended accordingly by the deletion of paragraph 13 which provides for the exclusion of election employees from the civil service. House Bill 512 has been amended substantially to reflect these recommendations.

Additionally, your Committee finds that presently, there are eight persons employed by the State who have served in the conducting of elections through one or more administrations. During their tenure, they have gained the valuable knowledge and expertise essential to efficient and effective performance of the elections staff functions. Moreover, their involvement with the elections process since the creation of the statewide computerized voting system has given them very specialized experience and technical expertise. The work of these employees has been cited by election administrators across the country and has earned for Hawaii, an enviable reputation for its experiences in voter registration, bi-lingual registration and voting, and voting equipment. Therefore, your Committee recommends that employees presently occupying the following positions: (1) Director of Elections; (2) Voter Education Coordinator; (3) Voter Registration Coordinator; (4) Elections Logistics Coordinator; (5) Assistant Elections Logistics Coordinator; (6) Elections Accounts Clerk; (7) Elections Secretary I; and (8) Elections Secretary II, be converted to civil service status within the meaning of Chapters 76 and 77, Hawaii Revised Statutes, without the necessity of examination, and be accorded all the accompanying rights, benefits and privileges. House Bill 512 has been amended to include the following positions: Elections Logistics Coordinator, Assistant Logistics Coordinator, Elections Accounts Clerk, and Elections Secretary I, which were not named in the original bill.

Your Committee on Public Employment and Government Operations is in accord with the intent and purposes of H.B. No. 512, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 512, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Abercrombie.

SCRep. 150 Public Employment and Government Operations on H. B. No. 633

The purpose of this bill is to extend the funeral leave eligibility provision for public employees to include "grandchildren" in the definition of "immediate family".

Presently, government employees covered under collective bargaining contracts are eligible for funeral leave upon the death of their grandchildren. However, public officers and employees excluded from collective bargaining are not provided this benefit. House Bill 633 would extend the same benefits to excluded employees thereby achieving equity for such employees.

Your Committee on Public Employment and Government Operations is in accord with the intent and purpose of H.B. No. 633 and recommends it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Abercrombie.

SCRep. 151 Public Employment and Government Operations on H. B. No. 704

The purpose of this bill is to amend the provision relating to employer contributions

to the Hawaii Public Employees Health Fund by providing for a 50% employer contribution of the total monthly contribution for each employee-beneficiary and respective dependent-beneficiaries and a 100% employer contribution of the total monthly contribution for dental benefits for children under the age of 19 years.

The amendment proposed in this bill represents a simplification of the present statutory provision. In the past, statutory amendments were required to adjust fixed contribution costs each time health plan premium costs increased. The purpose of these amendments were to realign the cost-sharing concept so that the employer and the employee shared equally in the contributions for the health fund. In the case of dental benefits, adjustments were made to continue the 100% employer contribution concept.

In recent years, rising health care costs have significantly affected the cost of premiums for health care plans. According to statistics presented before your Committee, between 1977 and 1978, the contributions of the employee are expected to increase by approximately 6%. However, because of the present statutory provisions which set the employers' contribution at a fixed amount, the employers' share of the cost will decrease by approximately 6%.

Your Committee feels that the responsibility for payment of health fund premiums is a joint one to be shared equally between the employer and the employee. Your Committee further feels that the present approach of establishing a fixed cost contribution and constantly amending the statute to realign contributions and to accommodate premium increases is cumbersome. Therefore, your Committee believes that establishing the contribution formula on a percentage basis will provide for a self-adjusting procedure.

Your Committee on Public Employment and Government Operations is in accord with the intent and purpose of H.B. No. 704, and recommends it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Abercrombie.

SCRep. 152 Public Employment and Government Operations on H. B. No. 813

The purpose of this bill is to clarify the conditions under which leaves for the purpose of participating in the government loan program may be granted by the appropriate authority.

Present statutory language allows officers and employees of the state to be loaned to other government jurisdictions with full rights to return to his position. However, it is not clear whether this provision includes temporary or exempt employees. House Bill 813 would clarify the provision by providing return rights only for those employees who have attained tenure or permanent status.

Your Committee on Public Employment and Government Operations is in accord with the intent and purpose of H.B. No. 813 and recommends it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Abercrombie.

SCRep. 153 Public Employment and Government Operations on H. B. No. 820

The purpose of this bill is to allow civil service employees to be appointed to exempt positions by the appropriate appointing authority for other service within the respective jurisdiction. The appointment to the exempt position shall be for a fixed period not to exceed four years and shall not interfere with any rights or benefits an employee may have earned were he to have continued in a civil service position. At the end of the exempt service, the employee shall be reinstated in his former position or in a comparable position.

According to testimony presented before your Committee, this bill has two purposes. The first is to provide for a broader pool of qualified persons from which an appointing authority may select and the second is to allow utilization of specialized talent in positions where it can be most effective. Under present statutory provisions, classified employees

have been reluctant to accept exempt positions because of the attendant loss of rights and benefits associated with the classified service. This bill will allow such an employee to serve in an exempt capacity and be assured of returning to the same position or a comparable position without loss of employee benefits.

Your Committee on Public Employment and Government Operations is in accord with the intent and purpose of H.B. No. 820 and recommends it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Abercrombie.

SCRep. 154 Water, Land Use, Development and Hawaiian Homes on H. B. No. 120

The purpose of this Resolution is to request the department of land and natural resources, the department of planning and economic development and the department of Hawaiian home lands to devote greater efforts to obtaining federal funds in support of their programs, to pay closer attention to ways in which federal funding programs can be tailored to the specific needs of their department and to carefully administer and monitor federally-subsidized programs to ensure the viability of greater grant support in the future, in all cases where the conditions of federal support are conducive to the interest of the people of Hawaii.

The State of Hawaii faces an uncertain and potentially dangerous fiscal situation, in light of economic slowdown and stagnant business activity, which when coupled with the costs of servicing past public debt commitments, promises little or no cushion of funds to support and enhance existing public programs.

Your Committee feels that since federal support will be provided on a competitive basis, successful agency bidders will have to demonstrate the ability to manage resources, carry out well-executed programs, and meet federal objectives and standards. This ability will mark the difference between successful programs and those which are permitted to starve from lack of funds.

Your Committee has corrected a typographical error in the first BE IT RESOLVED by inserting the word "of" between "House" and "Representatives".

Your Committee on Water, Land Use, Development and Hawaiian Homes concurs with the intent and purpose of H.R. No. 120, as amended herein, and recommends its adoption in the form attached hereto as H.R. No. 120, H.D. 1.

Signed by all members of the Committee.

SCRep. 155 Corrections and Rehabilitation on H. R. No. 38

The purpose of this Resolution is to request a reevaluation of the functions, personnel, programs and funding of the Intake Service Center.

Your Committee finds that the functions over which the Intake Service Centers have authority are critical to the proper functioning of the Hawaii Correctional Master Plan. Furthermore, as times and attitudes change, and as other government agencies actually transfer some of their functions to the ISC as the Master Plan requires, certain problems naturally arise as the direct result of turning a theoretical concept into a working reality. The evaluation of these problems should lead to their correction.

Your Committee feels that the reevaluation called for in this Resolution is too complex a matter to be concluded prior to the close of the Regular Session of 1977 and therefore has amended the Resolution to establish an interim study.

Your Committee on Corrections and Rehabilitation is in accord with the intent and purpose of H.R. No. 38 and recommends that it be referred to your Committee on Legislative Management in the form attached hereto as H.R. No. 38, H.D. 1.

Signed by all members of the Committee.

SCRep. 156 Corrections and Rehabilitation on H. R. No. 36

The purpose of this resolution is to request a study and review of the Hawaii Paroling Authority's rules, operations, and criteria in determining parole and minimum terms.

The present structure of the Hawaii Paroling Authority was established by the reorganization called for in Act 92 of the Session Laws of Hawaii 1976. The Hawaii Paroling Authority is anticipating changes in their rules and regulations.

Your Committee is in agreement that because these proposed changes will be presented to the public in the months following the Regular Session of 1977, a study and review of these proposed changes be conducted.

Your Committee recommends an amendment for the purpose of conducting this study and review between the Regular Session of 1977 and the Regular Session of 1978.

Your Committee on Corrections and Rehabilitation is in accord with the intent and purpose of H.R. No. 36, as amended herein, and recommends that it be referred to your Committee on Legislative Management in the form attached hereto as H.R. No. 36, H.D. 1.

Signed by all members of the Committee.

SCRep. 157 Corrections and Rehabilitation on H. R. No. 22

The purpose of this resolution is to request the House Committee on Corrections and Rehabilitation to study the feasibility of transferring the probation office for adult offenders from the Judiciary to the Corrections Division of the Department of Social Services and Housing.

Testimony presented before your Committee indicated that the issues relating to adult probation services have yet to be resolved. Presently, the pre-sentence and pre-trial functions of the adult probation division have been assumed by the Intake Service Center in accordance with Section 353-1.4, Hawaii Revised Statutes. Yet your Committee found that organizationally, those probation officers who are responsible for such services are still under the judiciary department. In addition, the issues involved in the servicing of post-sentenced felons on probationary status have yet to be resolved.

Because the provision of adult probationary services is an integral part of the criminal justice system, and in view of the on-going implementation process of the criminal justice master plan, your Committee feels that a review of the adult probationary program with the intent of determining the feasibility of placing it in a more appropriate agency is warranted.

Your Committee has amended the resolution by adding a new BE IT RESOLVED clause as follows:

"BE IT FURTHER RESOLVED that in addition to determining the feasibility of transferring the probation office for adult offenders from the Judiciary to the Corrections Division of the Department of Social Services and Housing, the House Committee on Corrections and Rehabilitation shall also consider other agencies which may be appropriate to handle adult probation programs; and"

Your Committee has further amended the resolution by providing for the Speaker of the House to direct the House Committee on Corrections and Rehabilitation to conduct the study and by amending the date for the submittal of the Committee's findings and recommendations from "the closing of the Regular Session of 1977" to "prior to the Regular Session of 1978".

Your Committee on Corrections and Rehabilitation is in accord with the intent and purpose of House Resolution No. 22, as amended herein, and recommends that it be referred to your Committee on Legislative Management in the form attached hereto as H.R. No. 22, H.D. 1.

Signed by all members of the Committee.

SCRep. 158 Judiciary on H. B. No. 11

The purpose of this bill is to appropriate moneys out of the general revenues of the State for the purpose of compensating persons pursuant to Chapter 351, Hawaii Revised Statutes, the Criminal Injuries Compensation Act. Your Committee has amended the bill to list the respective names and amounts of compensation to be paid pursuant to the Act, in the total sum of \$223,847.13. Under this bill as amended, 162 victims, 33 attorneys, 37 doctors, hospitals and a funeral home will be compensated.

The sums appropriated are to be paid upon warrants issued by the comptroller of the State upon vouchers approved by the director of finance.

Your Committee on Judiciary is in accord with the intent and purpose of H. B. No. 11, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 11, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 159 Finance on H. B. No. 9

The purpose of this bill is to provide for a system of aggregate fiscal and manpower controls as part of the allotment system. The principal feature of aggregate controls is the appropriate division of authority between the central budget agency and the other departments and establishments of government in the execution of the budget and other program appropriations enacted by the legislature. Under such a system, the governor continues to be responsible for ensuring the overall fiscal integrity of the State while the departments are held responsible for determining their own individual program priorities.

The present system of allotment control extends to a fine level of detail. This control involves the approval, disapproval, or modification of specific objects of expenditure. Such a system poses no serious problems when the amounts allotted are the same as the amounts appropriated. However, in time of austerity when allotments are substantially below appropriations, the central budget agency, through the allotment system, exercises control over program execution decisions. In order to place the responsibility for such decisions where it rightfully belongs without any detraction from the central budget agency's responsibility to oversee and safeguard the overall financial condition of the State, this bill provides that when allotments are less than appropriations, the central budget agency would notify the various agencies of the aggregate reductions to be made but each agency would decide which program and which objects of expenditures are to be reduced.

This bill amends various provisions of HRS, Chapter 37 pertaining to the allotment control system. The more significant changes proposed are as follows:

1. Amendments to Section 37-31 (Intent and Policy) providing that savings due to economic and efficient management can be effected when such savings can be accomplished while achieving the program objectives intended by the Legislature.
2. Amendments to Section 37-31 (Intent and Policy) providing that savings may be effected with due regards to changing revenue condition.
3. Amendments to Section 37-35 (Approval of Estimated Expenditures) providing that the agencies will resubmit expenditure estimates if such adjustments are found necessary by the Administration. The Administration will determine the aggregate amount of the adjustments to be made but each agency will be allowed to determine the specific program adjustments.
4. Amendments to Section 37-37 (Reduction of Allotments) providing that savings due to economic and efficient management may be effected if program objectives intended by the Legislature can still be achieved and allowing the agencies to resubmit expenditure estimates if such adjustments are found necessary. Also, similar to amendments in Section 37-35, the Administration will determine the aggregate amount of the adjustments to be made but each agency will be allowed to determine the specific program adjustments.
5. Amendments to Section 37-39 (Reduction of Allotted Amounts for Objects and Items) providing that the agency may reduce expenditure for specific items and objects of

expenditures only if program objectives intended by the Legislature can still be achieved in spite of the reduction.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 9 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 160 Consumer Protection and Commerce on H. B. No. 619

The purpose of this bill is to increase the maximum amount of life insurance permitted to be offered on the life of a credit union member from \$2,000 to \$4,000, and also amends Section 431-581 of the Hawaii Revised Statutes to include credit unions chartered by the state as well as federal chartered credit unions.

The maximum amount of coverage on the lives of credit union members has not increased since 1957 when this section was enacted. Since then, inflation has increased the cost of living.

It is the usual practice for credit unions to pay the cost of a member's life insurance premium, with the amount of coverage based on the amount of the individual's account. Therefore, this measure may provide an incentive for members to increase their deposits, thereby increasing the amount of coverage on their lives at no additional cost to the individual.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 619 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 161 Consumer Protection and Commerce on H. B. No. 676

The purpose of this bill is to grant general rule-making authority to the Board of Medical Examiners by adding a new section to Chapter 453 of the Hawaii Revised Statutes.

Present law does not specifically grant general rule-making power to the Board of Medical Examiners. Such authority, essential to effective regulations, is customarily granted to regulatory boards. The lack of such a provision in the laws relating to the Board of Medical Examiners is probably the result of an oversight when the law was enacted.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 676 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 162 Consumer Protection and Commerce on H. B. No. 679

The purpose of this bill is to provide for various remedies in the resolution of consumer complaints after a hearing by the Department of Regulatory Agencies. In addition, this bill empowers boards and commissions to effect and supervise voluntary, binding arbitration of consumer complaints.

Present law provides for two seemingly incompatible avenues of redress of complaints depending on the seriousness of the licensee's violation. Restitution, repair of the project or any other appropriate rectification may not be available if the violation is serious in nature and the board orders suspension or revocation of the licensee's right to practice.

According to testimony by the Department of Regulatory Agencies, consumers have taken little solace in this approach which results in de-licensing a person who has left the consumer with a leaking roof, inadequate vehicle repair or faulty termite treatment.

In fact, where revocation of the license is sought, consumers are reluctant to testify at all.

This bill would allow boards and commissions to order the suspension of a license pending the correction of the problem and would allow the board to fashion its order to suit the violation.

Regarding arbitration proceedings, arguably, boards and commissions already have the power to supervise arbitration agreements. However, the machinery to effect such settlements has not been spelled out in the law.

This bill provides procedures for the selection of arbitrators and enforcement of their award. The department believes such arbitration proceedings would expedite dispute resolution.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 679 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 163 Public Employment and Government Operations on H. B. No. 187

The purpose of this bill is to increase the term of office for a trustee of the Public Employees Health Fund from three years to four years.

The board of trustees of the Public Employees Health Fund functions as the operational and fiscal policy making body to carry out the statutory policies of the health fund law as set by the Legislature. Presently, members of the board of trustees are appointed by the governor for three-year terms.

In form, the board of trustees of the Public Employees Health Fund is similar to other boards and commissions of the State. Therefore, your Committee feels that this measure to provide for a four-year term for trustees will conform its operations with the other 125 state boards and commissions whose members have four-year terms.

Your Committee on Public Employment and Government Operations is in accord with the intent and purpose of H.B. No. 187 and recommends it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Abercrombie.

SCRep. 164 Public Employment and Government Operations on H. B. No. 63

The purpose of this Act is to establish and maintain a career development and training program for corrections officers and personnel.

Under present practice, there is a limited orientation for corrections officers, but no comprehensive career development and training program for those employees. Your Committee believes that such training will create a better institutional environment both for the personnel and the inmates. An expanded and systematic training program for State corrections officers particularly geared to the requirements of Youth Correctional Officers and Adult Correctional Officers is necessary because of the sensitive relationship between these corrections officers and inmates.

The Corrections Division of the Department of Social Services and Housing estimates the total cost of such a training and career development program to be \$221,053 for the biennium. Of this, \$86,356 has been committed by LEAA with an additional cash contribution of \$9,595 pledged by the Department of Social Services and Housing, Corrections Division. An appropriation of \$125,102 has been included for the purpose of establishing a training and career development program for corrections officers and personnel.

Testimony presented before your Committee revealed that State personnel rules relating to career development and training programs have been established and will govern the development of such career development and training programs under the Department of Social Services and Housing. Consequently, your Committee feels that H.B. No.

63, H.D. 1, should be amended to exclude references to Chapter 91 in the development of a career development and training program for corrections personnel.

Your Committee on Public Employment and Government Operations is in accord with the intent and purpose of H.B. No. 63, H.D. 1 as amended herein and recommends it pass Second Reading, in the form attached hereto as H.B. No. 63, H.D. 2, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 165 Public Employment and Government Operations on H. B. No. 197

The purpose of this bill is to exempt from civil service all classroom cleaners and lunch supervisors employed by the Department of Education on less than halftime basis.

Approximately two thousand persons are hired by the Department of Education each school year to provide classroom cleaning services and lunch supervision of students on a part-time basis. Since turnover in these positions is very high and employment is temporary, flexibility in the hiring of persons to fill the positions is essential. This bill will allow the Department of Education flexibility in the hiring of persons to fill vacancies.

Your Committee on Public Employment and Government Operations is in accord with the intent and purpose of H.B. No. 197 and recommends it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 166 Public Employment and Government Operations on H. B. No. 630

The purpose of this bill is to grant health fund benefits to all persons employed for at least three months and twenty hours or more per week.

Under present provisions, certain employees are excluded from public employee health benefits. Included among this group are limited term, provisional, part-time, and exempt employees, project hires, and employees of boards and commissions.

Your Committee finds that these employees are an integral part of the public employee workforce and often fill critical vacant positions and other specialized jobs. Moreover, your Committee notes that recent state SCET and federal CETA workers were granted health fund benefits, all of whom are considered short-term employees. Finally, because they are considered public employees, this particular group of employees is excluded from coverage under the Hawaii Prepaid Health Care Law.

Your Committee feels that extension of health care benefits to these limited-term, provisional, part-time, and exempt employees, as well as project hires and employees of boards and commissions who meet certain employment conditions is appropriate and will remove the barriers to providing equal opportunities to all employees of the State.

In addition, your Committee is aware that recent legislative measures have established a number of full-time boards and commissions. In recognition of the status of members of full-time boards and commissions as employees of the State, House Bill 630 amends the health fund law to include these employees as members of the health fund.

Your Committee finds that the present wording in House Bill 630 may exclude or render ineligible certain employees who do not work at least 20 hours a week because the full-time equivalent of the department may not be based on a forty hour week. Your Committee has therefore amended the bill to delete the phrase "whose duration of employment is less than three months and whose employment is part-time or less than twenty hours a week" and inserted the phrase "employed for less than three months and whose employment is less than one-half of the full-time equivalent position."

Your Committee on Public Employment and Government Operations is in accord with the intent and purpose of H.B. No. 630 as amended herein and recommends it pass Second Reading and be referred to the Committee on Finance in the form attached hereto as H.B. No. 630, H.D. 1.

Signed by all members of the Committee.

SCRep. 167 Public Employment and Government Operations on H. B. No. 1215

The purpose of this bill is to convert two employees holding positions in the Department of Planning and Economic Development's Center for Science Policy and Technology Assessment to civil service status.

Presently these employees are providing services as civil service exempt employees. However, Act 195, Session Laws of Hawaii 1975, provided the center with two permanent civil service positions. Conversion of these two employees to civil service status will allow the department to continue the employees' services to the center with a minimum of disruption.

Your Committee has amended H.B. No. 1215 to clarify the language and provide more specificity in describing the actual positions to be converted to civil service status. The original language of the bill was found to be too broad in nature.

Your Committee on Public Employment and Government Operations is in accord with the intent and purpose of H.B. No. 1215, as amended herein, and recommends it pass Second Reading, in the form attached hereto as H.B. No. 1215, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 168 Public Employment and Government Operations on H. B. No. 808

The purpose of this bill is to eliminate the time period for which an employee working on a federally funded research, special or demonstration project shall be exempt from civil service.

Chapter 76, state civil service law, is based on the philosophy that all state positions are civil service positions unless specifically exempt. Section 76-16 relating to civil service exemptions now requires that an employee engaged in a federally funded research project approved by the governor shall be exempt from civil service for a period limited to one year. As a consequence of this provision, persons employed by federally funded projects extending beyond one year are being accorded civil service status.

House Bill No. 808 would enable the State to exempt employees of such federally funded special, research or demonstration projects for the life of the project, thereby minimizing conversion of federally funded project employees to civil service status.

Your Committee on Public Employment and Government Operations is in accord with the intent and purpose of H.B. No. 808 and recommends it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 169 Public Employment and Government Operations on H. B. No. 705

The purpose of this bill is to increase the benefits for ordinary disability retirement, by bringing this benefit into line with the liberalized benefits provided in 1965 for regular service retirement.

At the time that regular service retirement benefits were liberalized, the ordinary disability retirement benefit was inadvertently overlooked and left unchanged. Your committee recognizes the need to increase the ordinary disability retirement benefit and has done so in this bill. House Bill 705 provides a benefit of 1-3/4% for each year of credited service, provided the allowance shall not be less than 30% of the member's average final compensation.

The Actuary estimates the annual cost to be \$850,000 per year, of which the State's share is \$629,000 and the counties' share is \$221,000.

Your committee on Public Employment and Government Operations is in accord with the intent and purpose of H.B. No. 705 and recommends it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 170 Public Employment and Government Operations on H. B. No. 5

The purpose of this bill is to provide appropriations for collective bargaining cost items negotiated with the exclusive bargaining representatives of the respective units, as well as appropriations for salary increases and other adjustments for employees excluded from collective bargaining.

Unit I, blue collar non-supervisory employees, reached settlement with the employer on August 27, 1976, and funding of collective bargaining cost items, as well as other costs for salary adjustments for employees excluded from Unit I collective bargaining are required.

Your Committee is aware that other bargaining units are presently in the process of negotiating contracts with the employer and may be ready to submit to the Legislature additional cost items for employees included in the respective units. In addition, salary increases and other adjustments for employees excluded from the respective units will also require funding authorization.

Your Committee has amended H.B. No. 5 by including in Part I, appropriations for Unit I cost items for the 1976-77 fiscal year as well as the 1977-79 fiscal biennium. Part I also includes the attendant provisions relating to salary adjustments for excluded personnel, and authorizes the Director of Finance to allot the funds.

Part II of the bill provides a vehicle for funding of all collective bargaining cost items which may be submitted before the end of the legislative session. Provisions have also been made for salary adjustments for officers and employees excluded from collective bargaining units, as well as authorization for the Director of Finance to allot the funds.

Part III provides appropriation provisions for funds to the administrative services director of the Judiciary for all collective bargaining cost items in the agreements negotiated with the exclusive bargaining representative of the collective bargaining units within the Judiciary. Provisions have also been made for the Chief Justice to utilize funds appropriated for salary increases for officers and employees excluded from collective bargaining. Funds appropriated are to be allotted by the administrative services director of the courts.

Part IV contains general provisions relating to the appropriations provided in the bill. It provides for salary increases which are funded in whole or in part by funds other than general funds to be paid, wholly or proportionately, from the respective funds. It further provides for lapsing of appropriated or authorized funds not expended or encumbered by June 30th of the respective fiscal period for which such funds were authorized or appropriated.

Your Committee has also found a technical error in the bill relating to the funding period. The original bill provided for a funding period of one year. Your Committee has therefore amended the bill to provide funding for the fiscal biennium 1977-79.

Your Committee on Public Employment and Government Operations is in accord with the intent and purpose of H.B. No. 5, as amended herein, and recommends it pass Second Reading in the form attached hereto as H.B. No. 5, H.D. 1 and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 171 Public Employment and Government Operations on H. B. No. 190

The purpose of this bill is to amend Chapter 88, Hawaii Revised Statutes, to provide for separate determination of employer contribution requirements toward the Pension Accumulation Fund and the Post Retirement Fund for two groups of employees: (1) policemen, firemen and corrections officers, and (2) all other employees.

Not only do policemen and firemen enjoy a more liberal retirement benefit of 2-1/2% of their average final compensation for each year of credited service, but as a result of legislation enacted in 1975, both these groups are also permitted to retire after 25 years of service regardless of age, without any reduction in benefit. The effect of this new benefit is that the average age of retirement which the Actuary assumes for policemen and firemen has been lowered from 59-1/2 years to 55 years, resulting in a greater percentage increase in employer retirement costs for these employees than for general employees and teachers. Under present statutes, the employer retirement

costs are prorated between the State and the various counties in the same proportion as the total annual payrolls of State and county members. However, except for corrections officers who presently do not enjoy the same preferential retirement benefits accorded to policemen and firemen, and will not be entitled to until all county jails are transferred to the State by Executive Order, all other employees --policemen and firemen-- receiving the more liberal benefit are employees of the counties. Hence, the State is bearing a disproportionate share of the employer retirement costs.

House Bill 190 will permit the distribution of employer costs more equitably between the State and each county. The distribution of costs under the proposed method would result in an increase of the counties' contribution requirement to the Pension Accumulation Fund by approximately \$1.0 million for fiscal year 197879, and a reduction of the State's requirement by the same amount.

The bill also provides that beginning July 1, 1978, the contribution requirement for the Post Retirement Fund for each of the two groups: (1) Policemen, firemen and corrections officers, and (2) all other employees, shall be actuarially determined in the same manner as for the Pension Accumulation Fund rather than based on a fixed percentage. Moreover, the employer costs for the fiscal year beginning July 1, 1978, shall be sufficient to meet the employer normal cost as well as to liquidate the unfunded accrued liability of this fund as of July 1, 1976, over the period of 38 years beginning July 1, 1976.

An actuarial valuation of the Post Retirement Fund as of June 30, 1976, has determined the unfunded accrued liability to be \$271.8 million. Your Committee finds that a total State and county employer contribution of \$15.1 million is required to meet the actuarial cost of post retirement benefits for 197879, representing an increase of \$1.3 million over the \$13.8 million required under present law, or 2.74% of the aggregate annual compensation as compared to the statutory 2.50%.

Your Committee on Public Employment and Government Operations is in accord with the intent and purpose of H.B. No. 190 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Cobb.

SCRep. 172 Public Employment and Government Operations on H. B. No. 819

The purpose of this bill is to conform county civil service laws with state civil service laws which presently exempt positions filled through federally funded programs providing temporary public service employment such as the federal Comprehensive Employment and Training Act of 1973. In addition, the bill proposes civil service exemption for those employees engaged in federally funded special, research, or demonstration projects approved by the mayors.

Both of the proposed amendments would clarify the provisions relating to exempt employees. Since Chapter 76, the state personnel law, is predicated on the philosophy that all government positions, unless specifically exempt, shall be civil service positions, your Committee feels that a clarification of the status of employees on certain federally funded projects is required.

Your Committee on Public Employment and Government Operations is in accord with the intent and purpose of H.B. No. 819 and recommends it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 173 Public Employment and Government Operations on H. B. No. 703 (Maj.)

The purpose of this bill is to amend Chapter 88, Hawaii Revised Statutes, by adding a new section to provide for the purchase of membership service credits for military service rendered before entering public service. Presently certain military service is recognized as membership service: (1) military service rendered when an employee is inducted into the Armed Forces while a member of the System, in which event the employer government contributes to the account of the member during his leave of absence; and (2) military service rendered during the period 1941-1949 if the person,

although an employee of the state or county government, was not a member of the System at the time of his induction in the Armed Services. Such service must be purchased by the member and is restricted to four years.

Your Committee believes that those who serve their country in the Armed Forces should be given the opportunity to purchase some service credit in the State Retirement System. The bill permits the purchase of two years of service if the member has at least 15 years of credited public service at the time of purchase; three years if he has 20 years of credited public service, and up to four years if he has at least 25 years of credited public service.

However, your Committee believes that no one should receive pensions from both the military and the State Retirement System for the same years of service. Therefore your Committee has amended H.B. No. 703 to prohibit any member who has rendered military service for which he is receiving a military pension from being able to purchase service under the terms of this bill.

Your Committee on Public Employment and Government Operations is in accord with the intent and purpose of H.B. No. 703, as amended herein, and recommends it pass Second Reading in the form attached hereto as H.B. No. 703, H.D. 1 and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Cobb.
(Representative Cayetano did not concur)

SCRep. 174 Public Employment and Government Operations on H. B. No. 456

The original purpose of this bill was to establish provisions for granting any member of a police department who becomes a candidate for elective office, a leave of absence without pay from the date of such declaration until the election. Your Committee has amended the bill substantially to further provide that except when on duty or when acting in his official capacity, no member of a police department shall be prohibited from engaging in political activity or be denied the right to refrain from engaging in political activity.

With the exception of members of the police department, all other public employees enjoy the right to engage in political activity, including the right to support or aid in the election or defeat of a candidate, as well as the right to become a candidate for elective office. Section 6-608, Revised Charter of the City and County of Honolulu, specifically prohibits any member of its police department from supporting, advocating, or aiding in the election or defeat of any candidate for public office, aside from exercising the right to vote. The penalty for violation of this section is summary dismissal from the department. Your Committee finds that a strict interpretation of this section would mean that even when off-duty, a member of the Honolulu Police Department could be dismissed merely for driving a car displaying a campaign bumper sticker. Your Committee strongly feels that the provisions of Section 6-608, Revised Charter of the City and County of Honolulu, which pertain not only to police officers, but to all other members of the department, constitute an infringement of these individuals' civil rights.

Your Committee finds further, that presently, a member of the police department must resign in order to seek elective office. We feel that this is grossly unfair in view of the fact that classified or tenured public employees other than members of the police department may be granted a leave of absence for the same purpose. Passage of House Bill 456 will permit members of police departments to enjoy this privilege. Moreover, your Committee has amended the bill to strengthen and clarify the rights and benefits to be accorded the member upon return from such leave, thereby insuring that no loss of privileges and benefits is incurred by the member as a result of the leave.

Your Committee on Public Employment and Government Operations is in accord with the intent and purpose of H.B. No. 456, as amended herein, and recommends that it be referred to the Committee on Judiciary in the form attached hereto as H.B. No. 456, H.D. 1.

Signed by all members of the Committee.

SCRep. 175 Legislative Management

Informing the House that House Resolution Nos. 438 to 446, House Concurrent Resolution Nos. 72 to 74 and Standing Committee Reports Nos. 176 to 199 have been printed and distributed.

Signed by all members of the Committee.

SCRep. 176 Public Assistance and Human Services on H. R. No. 92

The purpose of this resolution is to request the House Committee on Public Assistance and Human Services to conduct a study of the purchase of services program of the Department of Social Services and Housing.

Your Committee finds that although the purchase of services program has provided needed social services which may otherwise not have been available to the low-income population, there may be some opportunities to improve the operation of the program. The Committee has identified several problems with the POS program, and the Booz Allen and Hamilton evaluation of the POS program recently completed has made a number of recommendations which should be further investigated.

It is the intent of your Committee that the purchase of services study should be conducted in conjunction with a broader program review authorized by H.R. No. 93, H.D. 1.

Your Committee has amended H.R. No. 92 to reflect interim study.

Your Committee on Public Assistance and Human Services is in accord with the intent and purpose of H.R. No. 92, as amended herein, and recommends that it be referred to the Committee on Legislative Management in the form attached hereto as H.R. 92, H.D. 1.

Signed by all members of the Committee.

SCRep. 177 Public Assistance and Human Services on H. R. No. 93

The purpose of the resolution is to request a comprehensive review of the Department of Social Services and Housing's programs and operations relative to the functioning of public assistance in the State of Hawaii.

The administration of welfare programs, here and elsewhere, is plagued by constantly changing federal laws and regulations, inadequate statistical data, insufficient personnel and increasing caseload. These problems can lead to profound difficulties for program managers.

Because of the size and diversity of the public assistance program, and the complexities of the issues within it, your Committee believes that an extensive program review is appropriate. Your Committee has amended the resolution to provide for interim work and a report to the House of Representatives prior to the convening of the Regular Session of 1978.

Your Committee also considered similar resolutions addressed to the Temporary Labor Force and Act 145 implementation. It is your Committee's intent that these subjects be addressed under the authority of this resolution.

Your Committee on Public Assistance and Human Services is in accord with the intent and purpose of H.R. No. 93, as amended herein, and recommends that it be referred to the Committee on Legislative Management in the form attached hereto as H.R. 93, H.D. 1.

Signed by all members of the Committee.

SCRep. 178 Public Assistance and Human Services on H. R. No. 96

The purpose of this resolution is to request the House Committee on Public Assistance and Human Services to conduct a study of the Medicaid program in Hawaii to include,

but not be limited to, an investigation of rates paid to providers, the services provided, the amount and sources of the State's financing, and an investigation into allegations of wrongdoings, fraud, or any problems germane to the sound, efficient and effective operation of the medical assistance program.

Your Committee finds that although costs in the medical field are affected by factors outside of Hawaii, a significant cost component of Hawaii's Medicaid program lies in its management. Management of the Medicaid program is difficult and complicated, constrained by both State and Federal laws and regulations.

Your Committee concludes that this situation, together with the very complexity of the program, warrants a searching review of the medical assistance program. Accordingly, your Committee has amended the resolution to reflect interim study.

It is your Committee's intent that the medical program review be conducted in conjunction with program reviews addressed to other aspects of the public assistance program.

Your Committee on Public Assistance and Human Services is in accord with the intent and purpose of H.R. No. 96, as amended herein, and recommends that it be referred to the Committee on Legislative Management in the form attached hereto as H.R. 96, H.D. 1.

Signed by all members of the Committee.

SCRep. 179 Public Assistance and Human Services on H. R. No. 97

The purpose of this resolution is to request the House Committee on Public Assistance and Human Services to conduct a study of the Food Stamp Program in Hawaii.

Your Committee finds that the Food Stamp Program has a great impact on Hawaii's residents and economy. It is estimated that 106,000 persons were served by the program in fiscal year 1975-76 and that the federal bonus invested in the State's economy should be valued at an estimated \$36 million.

It is the intent of your Committee that the food stamp study should be conducted in conjunction with a broader program review authorized by H.R. No. 93, H.D. 1.

Your Committee has amended H.R. No. 97 to reflect interim study.

Your Committee on Public Assistance and Human Services is in accord with the intent and purpose of H.R. No. 97, as amended herein, and recommends that it be referred to the Committee on Legislative Management in the form attached hereto as H.R. 97, H.D. 1.

Signed by all members of the Committee.

SCRep. 180 Consumer Protection and Commerce on H. B. No. 618

The purpose of this bill is to give state chartered credit unions the same rights and privileges, benefits and immunities possessed by federal chartered credit unions in this state, contingent on the prior consent of the Commissioner of Credit Unions.

According to testimony by Department of Regulatory Agencies, passage of this bill would give state chartered credit unions competitive equality with federally chartered credit unions. It would also give the Commissioner the power to review the request before giving his consent. Presently, sixteen states have authorized state chartered credit unions to exercise the same powers as federally chartered credit unions as this bill proposes.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 618 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 181 Consumer Protection and Commerce on H. R. No. 20

The purpose of this resolution is to request a study and review of government regulations of banks, savings and loan associations and industrial loan companies by the House Consumer Protection and Commerce Committee.

The study would determine if present regulations allow fair competition between financial institutions and whether delineation among the activities of the different kinds of financial institutions is necessary to prevent overlapping and conflict between them. Results and recommendations of the study would be submitted to the Legislature before the close of the 1977 Session.

Your Committee agrees that it is in the public interest to determine possible problem areas concerning financial institutions and whether stricter regulation of these institutions is necessary.

Your Committee on Consumer Protection and Commerce concurs with the intent and purpose of H.R. No. 20 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 182 Public Assistance and Human Services on H. R. No. 95 (Majority)

The purpose of this resolution is to request the President and the Congress of the United States to develop a national program which will consolidate and centralize all income maintenance programs under federal administration.

Your Committee finds that the rising cost of and demands for welfare assistance is a national concern demanding the attention of the federal government. It is something of a historical accident that public assistance programs are administered at the state and local levels of government; at the time of the Great Depression, assistance programs generally were locally based. Only in the face of urgent necessity did poor relief become established as a publicly-funded program under national auspices. At that time, however, the role of the national government in formulating economic policy for the nation was less well understood than it is now. It is appropriate, in the light of better understanding of the relationship between national economic policy and the degree of prosperity experienced by the population, that the national government assume the implicit costs in poverty of its economic policies.

Your Committee on Public Assistance and Human Services concurs with the intent and purpose of H.R. No. 95 and recommends its adoption.

Signed by all members of the Committee.
(Representative Sutton did not concur)

SCRep. 183 Health on H. R. No. 88

The purpose of this Resolution is to study the incidence of alcoholism among Hawaii's teenagers and determine areas in which programs and services may curb the increasing trends in teenage alcoholism.

Your Committee acknowledges the increase in alcoholism among the young people throughout the State.

Furthermore, due to this increase, effective programs to combat this problem is recognized.

Testimony presented before your Committee support the intent of the Resolution and stress the importance of identifying the problem areas.

Your Committee has amended the Resolution to include the following changes:

1) The term teenager, throughout the Resolution shall be deleted and replaced by the term adolescent.

2) "BE IT RESOLVED by the House of Representatives of the Ninth Legislature of the State of Hawaii, Regular Session of 1977, that the Department of Health with direct assistance from the Department of Education study the incidence of alcoholism among

Hawaii's adolescents and determine areas in which programs and services may be desirable to curb the increasing trends in adolescent alcoholism; and".

3) "BE IT FURTHER RESOLVED that the Department of Health report on its findings and recommendations to the House of Representatives prior to the convening of the Regular Session of 1978; and".

Your Committee on Health concurs with the intent and purpose of H.R. No. 88 as amended herein, and recommends its adoption in the form attached hereto as H.R. No. 88, H.D. 1.

Signed by all members of the Committee.

SCRep. 184 State General Planning on H. R. No. 162

The purpose of this resolution is to develop a uni-form set of planning definitions whereby state and county agency efforts can be coordinated within the state policy plan.

Your Committee finds that while the need for planning has been recognized by the state and county governments, there is no concurrence among the various agencies as to the definitions of the many planning terms. The resulting confusion and ambiguity is hampering efforts to coordinate the various plans within the state policy plan mechanism.

Therefore, your Committee finds that the Department of Planning and Economic Development should develop a workable set of planning definitions which can be used by all state and county agencies and the general public to eliminate the present confusion caused by inconsistent terms.

Testimonies received from the Department of Planning and Economic Development and The Sierra Club were in support of H.R. No. 162.

Your Committee upon further consideration has amended H.R. 162 to require the Department of Planning and Economic Development to consult with other planning groups, including but not limited to the American Institute of Planners, the Pacific Urban Studies and Planning Program, the University of Hawaii, and the planning agencies of the four counties. This amendment will encourage broader participation in the development of and compliance to a uniform set of planning definitions.

Your Committee on State General Planning concurs with the intent and purpose of H.R. No. 162, as amended herein, and recommends its adoption in the form attached hereto as H.R. No. 162, H.D. 1.

Signed by all members of the Committee.

SCRep. 185 Housing on H. R. No. 115

The purpose of this resolution is to request the Hawaii Housing Authority to examine the feasibility of negotiating for the purchase of suitable unsold housing units to be used for elderly housing.

There exists a situation in the State today where thousands of completed housing units remain unsold and unoccupied. A large number of these units are situated in metropolitan Honolulu and are well-located with respect to health and community services. Your Committee feels that many of these units may potentially be suitable for elderly housing if they are renovated to accommodate the special elderly needs. The Hawaii Housing Authority is thus requested to investigate this possibility further, and to report its findings and recommendations to the House at least twenty days prior to the final day of this legislative session.

Your Committee on Housing concurs with the intent and purpose of H.R. No. 115 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 186 Higher Education on H. B. No. 854

The purpose of the Act is to establish the position of the Director of the Marine Option Program as a permanent position and to provide the necessary funds for that position.

The Marine Option Program (MOP) is a marine undergraduate education program which offers an opportunity for students in all academic disciplines in the University of Hawaii system to acquire a marine orientation. Because the program is presently operating on a temporary basis through Sea Grant with no assurance of continued funding, it has been unable to meet student demands. Funds for the Director's salary will be terminated on June 30, 1977, so the survival of the Marine Option Program is contingent upon its establishment on a permanent basis.

Your Committee received extensive testimony from Marine Option Program students and graduates highlighting the success of the program in terms of giving students an ocean perspective making it possible for them to gain "hands-on" experience while working on marine-related projects and motivating them to continue their interest after graduation. Although not a vocational program, the Marine Option Program enables its students to acquire marine skills, an opportunity otherwise not available through lecture courses.

Your Committee recommends an amendment for the purpose of appropriating \$80,000 for the establishment of a permanent director position and the accompanying costs for the operation of the Marine Option Program.

Your Committee on Higher Education is in accord with the intent and purpose of H.B. No. 854, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 854, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Stanley.

SCRep. 187 Higher Education on H. B. No. 650

The purpose of this Act is to establish a revolving fund for the Aquarium into which shall be deposited the receipts from fees charged for admission to the Aquarium. The funds deposited in this account shall be expended to maintain, expand and develop marine education programs associated with the Aquarium and to attract increased public use of the Aquarium.

Founded in 1904, and part of the University since 1919, the Waikiki Aquarium is the third oldest such institution in the United States. For the largest part of its history, the Aquarium's major objective was the exhibition of aquatic life, and displays for educational purposes were minimal. In the last three years, however, education has become a major goal.

Your Committee finds that the situation at the Aquarium is far from ideal. Financial support has not been generous, and the most basic educational program failed to receive funding in this year's proposed University budget. In addition, the viewing glass on a number of tanks is in need of replacement, and there is a reluctance to raise the admission fee above 25¢ for fear visitors would not consider it worth the price.

Your Committee recognizes that the Aquarium has a tremendous potential to offer a number of educational opportunities both for the general public and for students at all levels of the formal educational system. The Aquarium could become our window to the sea, comparable to the John G. Shedd Aquarium in Chicago, the Vancouver Public Aquarium in British Columbia, the Steinhart Aquarium in San Francisco, or the Wayland Vaughan Aquarium-Museum at Scripps Institute of Oceanography in La Jolla. There is no reason why, given Hawaii's resources, our aquarium could not become the most exemplary aquarium in the world.

Your Committee believes that the first step in the improvement of our aquarium is to ensure continuous financial support for its educational programs and to establish a direct relationship between the services it provides and the revenues it generates. The establishment of a revolving fund will accomplish this goal.

Your Committee notes that, with the present entrance fee of 25¢, the Aquarium can

generate approximately \$30,000 every year. With improved facilities, programs and, eventually, a higher fee, this amount should increase and enable the Aquarium to continue and expand needed educational programs.

Your Committee feels that in the expenditure of monies from the revolving fund for educational programs, field trips to the Aquarium for public school students shall be considered appropriate and, therefore, recommends that line 8 of H.B. No. 650 be amended by adding a comma after the word "aquarium" and the following phrase: including field trips for public school students, .

In order to better inform the Committee on the progress of our aquarium's educational programs, your Committee recommends the addition of a section to the bill that reads:

"Section 304- . Annual report. The director of the aquarium shall submit to the legislature a full and detailed report on the revenues and expenditures of the revolving fund twenty days prior to the convening of each legislative session."

Your Committee on Higher Education is in accord with the intent and purpose of H.B. No. 650, as amended herein, and recommends that it pass Second Reading and be referred to the Committee on Finance in the form attached hereto as H.B. No. 650, H.D. 1.

Signed by all members of the Committee.

SCRep. 188 Consumer Protection and Commerce on H. B. No. 683

The purpose of this bill is to establish uniform standards for reconstructed vehicles in the State of Hawaii and to identify reconstructed vehicles in the vehicle registration records.

Presently there is no provision in the Hawaii Revised Statutes for the regulation of reconstructed, rebuilt or modified vehicles. The counties regulate reconstructed vehicles through county ordinances which do not have standard or uniform provisions. Standards in one county may not meet the requirements for reconstructed vehicles in another county. Thus, movement of a reconstructed vehicle between counties subjects the owner to the hazard of violations of local ordinances and may require that the reconstructed vehicle be changed to meet a different set of requirements.

Because reconstructed vehicles are not identified in the vehicle registration records, there is no way to determine which vehicles have been reconstructed or how many reconstructed vehicles are registered. Identification of reconstructed vehicles is necessary to insure that the tax assessment is properly related to the altered weight of the reconstructed vehicle and that adequate safety standards are maintained.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 683 and recommends that it pass Second Reading and be referred to the Committee on Energy and Transportation.

Signed by all members of the Committee.

SCRep. 189 Consumer Protection and Commerce on H. B. No. 432 (Majority)

The purpose of this bill is to increase the permissible tandem axle load of vehicles operating on non-interstate highways. The bill would also permit vehicles carrying certain goods to have a greater tandem axle load on non-interstate highways. The Director of Transportation or County Engineer is granted the discretionary power to limit weights loads should safety considerations dictate. Vehicles carrying agricultural products are granted permits to exceed the limits of H.R.S. section 291-35.

The current law, enacted in 1941, is outmoded and if enforced would cause significant economic adversity to important industries such as agriculture and construction. This bill would raise the weight levels to a more realistic level in keeping with the dictates of economic necessity.

Your Committee has made stylistic changes in the bill, reflecting no substantive change, to conform to the requirements of bill drafting.

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

and purpose of H.B. No. 432, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. 432, H.D. 1, and be referred to the Committee on Energy and Transportation.

Signed by all members of the Committee.
(Representatives Uwaine and Baker did not concur).

SCRep. 190 Consumer Protection and Commerce on H. R. No. 21

The purpose of this resolution is to request the Department of Regulatory Agencies to review its business registration and licensing practices in order to insure coordination with the requirements of the Department of Taxation.

Presently, neither department checks with the other prior to licensing or registering persons doing business in the State, resulting in persons remaining unregistered or unlicensed with one of these departments. This in turn results in lost tax revenues and harms the consumer who is left unprotected from non-licensed persons who may be unqualified to do business and are not covered by the contractors recovery fund.

According to their testimony, the Department of Regulatory Agencies is currently working on a program to computerize their licensing process, which will facilitate the coordination of licensing and registration in both departments.

Your Committee on Consumer Protection and Commerce concurs with the intent and purpose of H.R. No. 21 and recommends that it be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 191 Agriculture on H. R. No. 314

The purpose of this resolution is to encourage the College of Tropical Agriculture to continue its experiments to develop more cost-efficient, effective fumigation or other treatment methods for export papaya and other export crops subject to fruit fly infestation.

Your Committee finds present fumigation methods are costly, time consuming and not fully reliable in terms of fruit maintenance, thus limiting the growth of the papaya exports, and other crops subject to fruit fly infestation. Other, possibly more efficient, treatment methods are in the research stage. Your Committee considers the swift culmination of research on these new methods should be given top priority by the college.

Your Committee on Agriculture concurs with the intent and purpose of H.R. No. 314 and recommends it be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 192 Agriculture on N. B. No. 182

The purpose of this bill is to provide for more effective enforcement of the Hawaii Pesticide Law by amending Chapter 149A, Hawaii Revised Statutes, to conform with penalty provisions of the Federal Insecticide, Fungicide, Rodenticide Act (FIFRA) of 1972, as amended.

Your Committee finds that the penalty provisions of this bill conform with the Federal Insecticide, Fungicide, Rodenticide Act (FIFRA) of 1972, as amended.

The federal administrators of FIFRA have warned the Hawaii department of agriculture that its current pesticide program authorized under the existing statute (Part IV, Chapter 149A, Hawaii Revised Statutes) may not be certified by the Federal Environmental Protection Agency if penalties in Hawaii's applicable statute do not conform with FIFRA. Your Committee is aware that nonconformity with FIFRA may result in Federal take over and enforcement of the pesticide program in Hawaii.

This bill has been amended to provide for the issuance of a warning notice for first violation. Your Committee feels that the issuance of a warning notice rather than

immediate prosecution will enhance the department of agriculture's educational effort and may result in good compliance.

Your Committee on Agriculture is in accord with the intent and purpose of H.B. No. 182, as amended herein, and recommends that it pass Second Reading and be referred to the Committee on Judiciary in the form attached hereto as H.B. No. 182, H.D. 1.

Signed by all members of the Committee.

SCRep. 193 Agriculture on H. B. No. 849

The purpose of this bill is to appropriate \$400,000 to the Department of Agriculture for a two-year feed and forage research program to determine if locally-grown feed can compete economically with feed now being imported for the livestock industry.

Your Committee finds feed and forage research--at the field level to determine field-management techniques and at the feedlot to determine the most efficient weight-gain formulas--is essential to the development of a self-sufficient livestock industry. Your Committee finds the College of Tropical Agriculture is the agency which should be logically contracted to conduct such experiments. Last year in a project initially funded by the Kohala Task Force, the college conducted its first major field management and beef feedlot research in North Kohala; the results are encouraging.

Your Committee finds the college has developed several hybrid strains of feed corn adaptable to tropical climates but because of lack of funding had not been able to conduct large-scale field-growing experiments. Additional funding of \$100,000 for continued development of seed corn and other tropical seed varieties plus establishment of a seed inventory is considered essential for the development of a successful feed and forage program. Accordingly, the bill has been amended to include the importance and need for continued feed and forage seed research, development and seed inventory. The appropriation amount has been increased to \$500,000 to provide for the feed and forage seed program.

Your Committee finds feed and forage research should be expanded on a state-wide basis and also include growing and feeding research for the dairy industry. The college, working closely with the agriculture department, is proposing to reallocate its present resources to establish a research and extension center for beef and dairy feed and forage at the Waialeale Livestock Experiment Station on Oahu, with satellite centers on the Islands of Hawaii, Kauai and Maui. Initially, experiments at the Mealani Experiment Station on Hawaii would concentrate on completing the research in North Kohala, where both the college and the department foresee the potential for a comprehensive beef industry.

Your Committee places the highest priority on continuing feed and forage research for both the beef and dairy industries, for the purposes of making the livestock industry in Hawaii more self-sufficient and of broadening the base of Hawaii's agricultural industry.

Your Committee on Agriculture is in accord with the intent and purpose of H.B. No. 849, as amended herein, and recommends it pass Second Reading and be referred to the Committee on Finance in the form attached hereto as H.B. No. 849, H.D. 1.

Signed by all members of the Committee.

SCRep. 194 Agriculture on H. B. No. 832

The purpose of this bill is to appropriate the sum of \$50,000 to the department of planning and economic development for agricultural exhibits at state and county fairs.

Your Committee finds agricultural exhibits at fairs provide an educational and an effective marketing opportunity for locally produced agricultural products, and also a means of stimulating interest among 4-H members and other young farmers to continue in the agricultural industry. Such exhibits provide a unique opportunity to promote locally produced agricultural commodities and to encourage diversified agriculture.

Your Committee on Agriculture is in accord with the intent and purpose of H.B. No. 832 and recommends it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 195 Agriculture on H. B. No. 831

The purpose of this bill is to encourage the modernization of the livestock and poultry industries by providing real property tax incentives of fifty per cent of the assessed evaluation for the first five years on buildings and other improvements.

Your Committee finds that present statute allows a 10-year real property tax exemption for the construction of crop shelters for the protection and production of commercial agricultural or horticultural crops, but a similar exemption is not provided for the livestock and poultry industries.

Your Committee finds such a tax exemption for the poultry and livestock industries would allow an owner to recover part of his investment, thus serving an incentive to modernize facilities. Such an exemption is to apply on any structure or improvement for poultry or livestock installed after December 31, 1977, and continuing for a period not exceeding five years.

Your Committee on Agriculture is in accord with the intent and purpose of H.B. No. 831 and recommends it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 196 Agriculture on H. B. No. 830

The purpose of this bill is to appropriate \$20,000 to the Department of Agriculture to contract for research to register Environmental Protection Agency-approved pesticides for use on minor crops grown in Hawaii.

Your Committee finds that a large number of pesticides which have been approved for use by the EPA have not been registered for specific use on a number of Hawaiian-grown minor crops, such as bittermelon, hechima, luau leaf, etc., and this serves as a constraint to the continued or increased production of these crops. Manufacturers of these pesticides, for obvious economic reasons, have been reluctant to spend the necessary money for research to register their products for use on minor crops.

Your Committee finds further research is desirable as a means of support to the maintenance or expansion of diversified agriculture. The College of Tropical Agriculture is the appropriate agency to be contracted to conduct the research.

Your Committee on Agriculture is in accord with the intent and purpose of H.B. No. 830 and recommends it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 197 Agriculture on H. B. No. 827 (Majority)

The purpose of this bill is to appropriate \$62,000 for a study to determine to what extent a banana processing facility on Oahu would benefit banana growers, what type of facility should be constructed, and its location.

Your Committee finds that since Hawaii began importing bananas in 1967, imports have steadily eroded the market share of local banana growers. Of the 11.1 million pounds of bananas consumed annually in Hawaii in 1976, 55 per cent were imported.

Your Committee further finds the need for a study to determine if a processing plant for the collective handling, processing and marketing of local bananas would assist Oahu growers to regain a larger share of the Hawaiian market.

Your Committee on Agriculture is in accord with the intent and purpose of H.B. No. 827 and recommends that it pass Second Reading and be referred to the Committee on

Finance.

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

SCRep. 198 Agriculture on H. B. No. 180

The purpose of this bill is to amend Section 155-8, Hawaii Revised Statutes to allow the Department of Agriculture flexibility in setting interest rates for all direct farm loans by pegging interest rates to going prime rates.

Your Committee finds that the ceiling of six per cent (6%) charged by the State has remained unchanged since 1968. Since the latter 1960's, the prime rate has generally fluctuated well above six per cent with wide gaps between the State's rate and private lenders' rates. The wide difference in rates placed heavy stress on State funds, especially during periods of "tight money."

Discrepancy of rates places private lenders in an untenable position. Although the applicant may qualify for a loan through a private lender, in order to retain the goodwill of the client, banks are often compelled to assist their client by rejecting the loan. For example, when the prime rate is at 9 per cent, the banks rate of 11-12 per cent does not compare favorably with the State's ceiling of 6 per cent. At prime rate of 9 per cent for bank participation loans, a borrower, through the Farm Loan Program, may save up to 5 per cent on interest charges.

Your Committee finds that private lenders' share on participation loans is now pegged at two per cent (2%) above the prime rate. This amendment will set the maximum interest rate allowable on State funds at one per cent above the prime rate, with the Board of Agriculture continuing to set the rate of interest within the ceiling. Closing the gap in rates between the State and private lenders should encourage more participation loans. Other governmental lending agencies have adjusted their interest rates upward. The Farmers Home Administration of the U. S. Department of Agriculture charges 5 per cent for farm ownership loans and 8-3/4 per cent for farm operating loans.

The FHA has had the increased rate for operating loans for several years and considers it as feasible and successful. FHA has requested the Congress to lift the ceiling on farm ownership loans. Appropriations for farm ownership loans have been limited. The Capital Loan Program of the State's Department of Planning and Economic Development charges 7-1/2 per cent for all of its loans. The Farm Credit System's ceiling of six per cent was lifted by Congress in late 1968 to overcome spiraling costs in the bond market where their loan funds are obtained. Today, the Farm Credit System charges variable rates based on the cost of money in the bond market.

Two major commercial banks in Hawaii presently charge an average of 10 per cent, which is three per cent above the going prime rate.

The proposed amendment also provides that rates for Class D, Emergency Loans, be determined by the Board of Agriculture, within the statutory ceiling.

Your Committee finds that the Farm Loan Program is constantly confronted with shortage of funds. Bringing Farm Loan's interest rates more in line with those of other lenders will lessen the stress for State funds; thus, enabling more funds to be available to those farmers who cannot otherwise secure financing from other sources. Ultimately, the purpose and intent of the Farm Loan Act will be better served.

Your Committee on Agriculture is in accord with the intent and purpose of H.B. No. 180 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 199 Agriculture on H. B. No. 828

The purpose of this bill is to appropriate \$1.5 million to the State Farm Loan revolving fund; and to raise the loan limits on Class A, C and E loans by amendments to Chapter 155-9, Hawaii Revised Statutes.

Your Committee finds that the present loan limits were established in 1969 and due to inflationary pressures are no longer reflective of current farm operating and capital costs. By raising the loan limits, it is hoped private financial institutions, particularly in the cases of cooperatives, will be encouraged to assist farmers through participation loans with the State Farm Loan Program, with the private lender providing the major share of loan funds and the state taking subordinate position on the security.

Your Committee also finds additional appropriations are needed to expand the farm loan revolving fund to allow the state to continue its present level of financial assistance to farmers, and to be able to broaden that assistance.

Your Committee recommends one amendment, extending the term of repayment for Class E operating loans for cooperatives from three to five years, by amending Section 1559, (5) Class E, (B).

Your Committee on Agriculture is in accord with the intent and purpose of H.B. No. 828, as amended herein, and recommends that it pass Second Reading and be referred to the Committee on Finance in the form attached hereto as H.B. No. 828, H.D. 1.

Signed by all members of the Committee.

SCRep. 200 Culture and the Arts on H. B. No. 684

The purpose of this Act is to provide \$280,000 for the purchase and installation of an antenna for windward Oahu for use by the Hawaii public broadcasting authority.

Hawaii Public Television is a vital public resource in the enrichment of our homes, education of our families, and providing assistance in our classrooms. Your Committee finds that provisions for an antenna would correct poor and, in some cases, non-existent signal coverage for windward Oahu and various neighborisland communities.

Your Committee on Culture and the Arts is in accord with the intent and purpose of H.B. No. 684 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee

SCRep. 201 Culture and the Arts and Education on H. B. No. 688

The purpose of this bill is to provide monies for the continued operation of Nanaikapono Community-School Museum.

The museum was established in 1970 through funds from Model Cities and the Progressive Neighborhoods Program to meet a long recognized need for upgrading the teaching of Pacific Culture Studies for students K-12. However, the Federal funds which have provided for the operation of the Nanaikapono Community-School Museum have been cut-off; therefore necessitating State support.

Your Committees feel that there is a need to provide enriching cultural opportunities in Hawaii such as the Nanaikapono Community-School Museum.

Your Committees have amended Section 2 of the bill to appropriate \$29,769 for Fiscal Year 1977-1978 and \$31,429 for Fiscal Year 1978-1979. Such amendment would read as follows:

SECTION 2. Appropriation. There is appropriated out of the general revenues of the State of Hawaii \$29,769, for fiscal year 1977-78 and \$31,429 for fiscal year 1978-79, to continue operation of the Nanaikapono Community-School Museum.

Your joint Committee on Culture and the Arts and Education are in accord with the intent and purpose of H.B. No. 688, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 688, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 202 Public Employment and Government Operations on H. B. No. 147

The purpose of this bill is to reassess the public employee collective bargaining law and to make necessary improvements, taking into consideration the interests of both employers and employees. Your Committee has narrowed the scope of its assessment and has amended the bill accordingly to focus specifically on amending the statutory provisions relating to resolution of disputes.

The amended purpose of this bill is to amend Section 89-11, Hawaii Revised Statutes, by adding a new subsection (d) to provide for the establishment of compulsory arbitration procedures for resolving disputes over the terms of an initial or renewed agreement involving the exclusive representative of bargaining unit (11), Firemen. Any impasse dispute involving Unit 11 which continues to exist 15 working days after the date of impasse would be submitted to the arbitration procedures established in this subsection unless the parties to the dispute mutually agree upon an alternative arbitration procedure within 18 working days from the date of impasse.

This bill provides for final-offer whole package arbitration as the method of impasse resolution. This approach requires the arbitrator to select the most reasonable of the final offers submitted to him by the parties, and to issue a decision incorporating that offer without modification. The decision of the arbitrator shall be final and binding upon the parties; provided that at any time and by mutual agreement, they may modify or amend the decision. Agreements reached pursuant to the decision of an arbitrator as provided in this bill would not be subject to ratification by the employees concerned. Moreover, employees covered by this method of impasse resolution voluntarily relinquish their right to strike.

Your Committee has reassessed the public employees collective bargaining law and finds that with respect to employees engaged in occupations affecting the health and safety of the general public, the nature and extent to which they may exercise their right to strike as provided under Section 89-11 (c) is uncertain. Section 89-12 (c), Hawaii Revised Statutes, provides:

"(c) Where the strike occurring, or is about to occur, endangers the public health or safety, the public employer concerned may petition the board to make an investigation. If the board finds that there is imminent or present danger to the health and safety of the public, the board shall set requirements that must be complied with to avoid or remove any such imminent or present danger."

The Hawaii Firefighters Association, exclusive representative for Unit 11, contends that a strike of its employees would present such imminent or present danger to the public that the union would probably be precluded from effectively invoking the strike as a weapon against an employer. Your Committee recognizes that under such circumstances, the rights of these individuals may be abridged, and has therefore, sought to provide through House Bill 147, a viable alternative to strike action.

The Hawaii Firefighters Association advocates adoption of the proposed final-offer whole package mechanism which, it feels, has an effect closest to that of a strike upon the disputing parties. More than any alternative mechanism, final-offer arbitration induces negotiated agreements because the very process generates the risk of failing to negotiate and losing everything in a decision which is final and binding upon both parties. The arbitrator is not free to "invent" an arbitration award but rather must select either the final offer submitted by the union or the one submitted by the employer. In any other form of arbitration, the parties, knowing full well that the arbitrator is likely to decide somewhere between the union's position and employer's position, simply do not negotiate in good faith and cling to outrageous positions. With final-offer arbitration, the party that maintains an unreasonable position is in trouble; the prospect of losing everything forces him to negotiate.

Your Committee has considered the application of final-offer arbitration procedures to impasse disputes involving Unit 12, Policemen, however, in view of the union's opposition to being covered by any compulsory arbitration law, such action would not be appropriate at this time. A limited venture into compulsory arbitration will permit a testing of the model, as well as allow other public health and safety organizations to familiarize themselves with the mechanism.

Your Committee has provided for an effective date of July 1, 1978, in order to ensure that enactment of this bill will not interfere or prejudice current negotiations. We have provided further, that this Act shall expire on July 1, 1988, to allow legislative evaluation of its provisions.

Your Committee on Public Employment and Government Operations is in accord with the intent and purpose of H.B. No. 147 as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 147, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 203 Legislative Management

Informing the House that House Resolution Nos. 447 to 457, House Concurrent Resolution Nos. 75 to 78 and Standing Committee Report Nos. 204 to 215 have been printed and distributed.

Signed by all members of the Committee.

SCRep. 204 Employment Opportunities and Labor Relations on H. B. No. 207

The purpose of this bill is to amend the State's Employment Practices Law by eliminating hearing process required before judicial review and by increasing the penalty provision.

Under the present law, a hearing must be conducted in accordance with Chapter 91, H.R.S., to resolve the problem whenever the department is unable to eliminate any unlawful employment practice or discrimination by conference, conciliation, or persuasion. Considerable delays and costs have been encountered by the Department because of the difficulty of locating hearing officers and the lack of control over the hearing officer as to a time limit on completion of a hearing and submission of the decision. Other costs incurred are for the hearing officer fees, court reporter fees, service fees, and other legal fees. This bill provides for cases going directly to the Courts and should reduce delays in processing cases, as well as expenses for legal fees.

The penalty provision, Section 378-10, establishes fines for persons who wilfully resist, prevent, impede, or interfere with the department or any of its agents or representatives in the performance of duties pursuant to the law, or who in any manner wilfully violate an order of the department. This bill provides that said fines would not exceed \$500.00 or imprisonment for not more than 90 days or both for any such offenses. Your Committee finds that the existing penalties are adequate for the offenses described in the section and has therefore, amended the bill to delete the proposed amendment to the penalty provision, Section 378-10.

Your Committee on Employment Opportunities and Labor Relations is in accord with the intent and purpose of H.B. No. 207, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 207, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 205 Employment Opportunities and Labor Relations on H. B. No. 212

The purpose of this bill is to amend Section 388-10, Hawaii Revised Statutes, to prescribe civil penalties for failure to pay wages and criminal penalties for anyone discriminating against an employee who has made a complaint alleging nonpayment of wages.

Presently, the law provides only criminal penalties for failure to pay wages. If an employer fails to pay wages, the employee suffers because he is without that earned

income. For many employees, missing a paycheck presents a serious problem. It may mean no food, eviction, credit problems, or a need to apply for welfare benefits. Meanwhile, the employer has received the benefit of the employee's labor and has not paid the wages. Even if the employer pays later, there is no penalty provided he pay before the case is litigated. As for the employee, the damage may already have been done. If the case is litigate, an employer need only pay court costs, sheriff's fees, and any interest assessed by court.

This bill corrects the inequity by providing a penalty payable to the employee up to an amount equal to that of the unpaid wages. It is believed by the Department of Labor and Industrial Relations that the provision will encourage employers to pay wages promptly, reduce an employee's economic losses, and strengthen the law.

The second amendment makes it criminal for an employer to discriminate against an employee who has filed a complaint under Chapter 388. According to the Department of Labor and Industrial Relations, employees generally wait until they have terminated their employment to file complaints because of the fear of losing their jobs. This bill provides additional protection for employees who wish to register complaints against their employers for unpaid wages.

Your Committee on Employment Opportunities and Labor Relations is in accord with the intent and purpose of H.B. No. 212 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 206 State General Planning on H. B. No. 681

The purpose of this bill is to amend Chapter 262 of the Hawaii Revised Statutes by adding appropriate language clarifying the responsibility and authority of the Department of Transportation to designate areas of the airport environs that are affected by aircraft noise and hazards.

Testimony received from the Department of Transportation was in support of H.B. 681. Presently, Section 262-2 only covers "airport hazards" which are dangerous to the lives and property of airport users. However, this bill would broaden the definition of "airport hazards" to include land uses which would be adversely affected by airport use because of potential aircraft accidents and harmful noise levels. The DOT is concerned over the trend toward increasing encroachment by conflicting urban uses adjacent to airports. By designating accident potential zones and noise zones, the DOT need not expend large sums in later years to acquire property to ensure the safe and compatible use of lands adjacent to airports.

Testimony received from the Mokauea Fishermen's Association was concerned as to whether this bill would be used to hamper on-going negotiations for a long-term lease between the Mokauea Island residents and the state. The director of the DOT assured your Committees that this was not the case. Moreover, section 262-6 of the existing statutes contains a grandfather clause which prohibits the removal or alteration of non-conforming structures or trees; this clause would be retained under H.B. 681.

Upon further consideration, your Committee on State General Planning is in accord with the intent and purpose of H.B. No. 681 and recommends that it pass Second Reading and be placed on the Calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 207 Housing on H. B. No. 101

The purpose of this bill, as amended, is to require that the Department of Land and Natural Resources dispose of public lands for personal residence purposes by means of drawing only.

Presently, the Department of Land and Natural Resources disposes of public lands for personal residence purposes by two means: by sale in fee simple or lease at public auction; or by sale or lease of lots by drawing. There are no income limitations for those who bid for such lots at public auction; however, there is a gross income limitation

of \$20,000 for those who participate in drawings.

During a public hearing, a representative from the Department of Land and Natural Resources stated that the method of disposing of lots through drawing is not used as frequently as the auction method because often persons whose gross incomes are less than \$20,000 cannot afford to build a house once they have acquired the land. Furthermore, there have been cases where the upset prices of lots in certain areas would have been much too high for these same persons.

Upon analyzing this situation, your Committee feels that there exists a gross inequity in making such lots available to those who are especially in need of lower cost housing, specifically those in the low or middle income groups. These persons would not be able to outbid the more affluent members of our society at a public auction, and therefore the likelihood of their attaining lots through this method is basically nil. Additionally, since this is the method of disposition more frequently used, these persons rarely have an opportunity to purchase any public land for personal residence purposes.

Your Committee believes that a more equitable method of disposing of these public lands is the method set forth in this amended bill. It would provide for the disposition of lots by drawing only, thereby deleting the public auction method. The income limitation for the drawing method has also been deleted, thus allowing all persons an equal opportunity in acquiring any available public lot.

Your Committee further feels that this proposed method would allow an increased opportunity for those in the low and middle income groups to attain housing at a lower cost, since there would be just one designated upset price per lot. This would tend to keep the purchase price down, which is contrary to the bidding process which tends to escalate lot prices.

Your Committee on Housing is in accord with the intent and purpose of H.B. No. 101, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 101, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 208 Housing on H. R. No. 113

The purpose of this resolution is to request the Hawaii Housing Authority to promptly and fully implement the home rehabilitation loan program created by Act 178, Session Laws of Hawaii 1976.

This resolution reaffirms the legislative intent in passing Act 178 during the last legislative session. This Act, which enables the Hawaii Housing Authority to make loans to homeowners for the purpose of renovating their existing homes, would help to preserve our older communities and the accompanying unique lifestyles of these community residents. This measure will also aid the State's ailing construction industry by providing jobs for the numerous skilled and unskilled laborers presently unemployed.

Your Committee on Housing concurs with the intent and purpose of H.R. No. 113 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 209 Housing and Youth and Elderly Affairs on H. R. No. 107

The purpose of this resolution is to request the Commission on Aging to review and evaluate the efforts of the Hawaii Housing Authority and county housing agencies in providing housing for the elderly.

This review shall focus particularly on the effectiveness of all agencies in implementing the policies of Act 224, SLH 1976, and the degree to which elderly persons are granted priority within State and county housing programs. Your Committees feel that such a review is necessary in view of the fact that the supply of housing for the elderly has not kept up with the demand. The number of elderly on the waiting list for various Hawaii Housing Authority programs, currently totalling over 1,300, is a partial indicator of need. This situation is also expected to worsen, for the elderly population is projected

to increase substantially, coupled with an increase in life expectancies. This review will assist in bringing to bear all services in providing each individual the full extent of required assistance available.

Upon consideration of this resolution, your Committees have made the following amendments:

1. Statistics and other information relating to the elderly population and elderly housing have been updated to reflect more recent studies.

2. The Commission on Aging is now requested to submit its report not less than twenty days prior to the final day of the Regular Session of 1977.

Your Committees on Housing and Youth and Elderly Affairs concur with the intent and purpose of H.R. No. 107, as amended herein, and recommend its adoption in the form attached hereto as H.R. No. 107, H.D. 1.

Signed by all members of the Committees.

SCRep. 210 Judiciary on H. B. No. 433

The purpose of this Act is to provide for designation of precinct officials as voter assistance official at the polls and also calls for an increase of \$10 in the compensation for precinct officials.

Under present law each precinct is allotted not less than three precinct officials; and where more than one voting unit has been established in the precinct, there shall be three precinct officials for each unit. The current compensation for precinct officials is \$35.00.

Your Committee agrees that the compensation should be raised \$10.00 per official. The additional compensation will facilitate recruitment of election officials, in view of the fact that they serve a minimum of between 12 to 14 hours on election day, and in addition are required to attend 2 1/2 hour training sessions. The higher rate of compensation will also be in keeping with added responsibilities imposed by new legal requirements. The voter assistance official plays a critical role in assisting voters to cast their ballots properly.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. 433 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 211 Judiciary on H. B. No. 556

The purpose of this Act is to raise the pay of jurors from \$20.00 per day to \$30.00 per day. The Act also removes the matter of reimbursement of jurors for travel, food and lodging from the discretion of the Court and makes reimbursement for actual expenses mandatory.

Your Committee heard testimony that the federal government is also considering making a similar increase, but no measure has been enacted as yet. Your Committee believes that the increase is justified in light of rising costs, inflation, and modern day standards of fair recompense.

Your Committee amended the bill to make a technical correction which does not affect the substance of the bill.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 556, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 556, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 212 Judiciary on H. B. No. 610

The purpose of this Act is to set up a program involving adult traffic monitors to assist in controlling and directing traffic in the vicinity of schools. The chiefs of police of the counties are to appoint, train and compensate the traffic monitors. The traffic monitor system is intended as a supplement to present methods of control in school areas, and not as a replacement for the Junior Police Officer Program. The traffic monitors would have the duty to assist police officers in all matters relating to the enforcement of traffic regulations in the vicinity of schools.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 610 and recommends that it pass Second Reading and be referred to the Committee on Education.

Signed by all members of the Committee except Representative Naito.

SCRep. 213 Education on H. B. No. 75

The purpose of this bill is to require the department of education, through its district superintendents and school principals, to establish minimum lists of educational and cultural excursions for each school district. This bill provides that the department of education may request the funds through its operating budget for the participation of all students in each school district in the identified educational and cultural excursions.

Your Committee firmly believes in the value of excursions and field trips in supplementing classroom instruction and in stimulating student interest and appreciation of the classroom subject under study. The Committee also firmly believes that when these organized activities are found to be educationally valuable, they should be provided in the context of the State's commitment to equal educational opportunity. If an excursion is judged to be valuable to the instructional program of a classroom, it should be provided for all children in that classroom, just as books and other teaching materials are provided for all children as an integral part of the program.

Your Committee on Education is in accord with the intent and purposes of H.B. No. 75, and recommends that it pass Second Reading and be referred to your Committee on Finance.

Signed by all members of the Committee except Representative Abercrombie.

SCRep. 214 Finance on H. B. No. 1208

The purpose of this bill is to provide that when a real property tax appeal is not heard prior to April 9 preceding the tax year of the second appeal, the taxpayer is not required to file a notice of the second appeal.

Under the present law, HRS 232-4, in cases where the assessed value changes in the year following an appeal, the taxpayer must refile for the new year in order for his first appeal to apply to the new tax year.

Your Committee agrees that the appeal procedure should be more equitable and your Committee finds that refiling should not be necessary in cases where an appeal is still pending. To accomplish this purpose, this bill will automatically allow appeals to carry over for the second year in cases where the first appeal is not decided before April 9.

This bill should be enacted before April 9, 1977 so that it can be applicable to pending 1977 appeals.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 1208, and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 215 Health on H. B. No. 925

b The school health services was initiated under a pilot project established pursuant to Act 130 Session Laws Hawaii 1970. The pilot project, however, did not extend to all public school complexes at its inception and still continues as a pilot project.

Your Committee recognizes the need to implement the health services program in all public schools throughout the State as a permanent program.

The purpose of this Act is to establish a permanent statewide school health services program for grades kindergarten through twelve in all the public schools of this State, and to establish a school health services advisory committee to coordinate, guide, and evaluate the school health services program. Also to transfer all officers and employees including "full time" health aides under the provision of Chapters 76-77.

Your Committee further recognizes the importance of morale and insecurity problems faced by the health aides who under the pilot project were not given civil service status. It is for this reason that health aides should be accorded civil service status, and all the attendant benefits of civil service.

Testimony submitted by the Department of Health, Department of Education, parents and supporting organizations, as well as the Public Audit by the Legislative Auditor indicate that cost-benefit studies have been uniformly positive. The cost per student is \$12.00 per year. This small investment has produced many benefits for parents of school children, the schools, as well as the school children themselves. The program is an equitable one in reaching a large target population. All children, rich or poor, handicapped or not, will receive equal service.

Your Committee also feels that there should be a coordinated effort between the school health services program and the vision and hearing screening program whereby the health aides will render assistance to the audiologists and screening technicians in providing the vision and hearing screening program.

For this purpose, your Committee has amended H.B. No. 925 and appropriate \$650,781 to fund the school health services program.

Your Committee on Health is in accord with the intent and purposes of H.B. No. 925, as amended herein, and recommends that it be referred to the Committee on Education in the form attached hereto as H.B. No. 925, H.D. 1.

Signed by all members of the Committee except Representatives
Ueoka and D. Yamada.

SCRep. 216 Legislative Management

Informing the House that House Resolution Nos. 458 to 460, House Concurrent Resolution No. 79 and Standing Committee Report Nos. 217 to 248 have been printed and distributed.

Signed by all members of the Committee.

SCRep. 217 Education on H.B. Nos. 722, 753, 755, 826, 873, 886, 918, 919, 920, 946, 970, 972, 1037, 1042, 1043, 1054 and 1091

The purposes of these bills are to appropriate monies for capital improvement projects as described in: H.B. No. 722 MAKING AN APPROPRIATION FOR PLANS FOR CLASSROOM BUILDINGS AND FACILITIES, KAUNAKAKAI SCHOOL, MOLOKAI; H.B. 753 MAKING AN APPROPRIATION FOR SUNSET BEACH ELEMENTARY SCHOOL; H.B. 755 MAKING AN APPROPRIATION FOR LAIE ELEMENTARY SCHOOL; H.B. 826 MAKING AN APPROPRIATION FOR IMPROVEMENTS AT LAIE ELEMENTARY SCHOOL; H.B. 873 MAKING AN APPROPRIATION TO SUPPLEMENT PRIOR APPROPRIATION FOR COVERED PLAYCOURT, WAHIAWA INTERMEDIATE SCHOOL, WAHIAWA, OAHU (Funds to be Supplemented from Item IV-F-11-9 of Act 195, SLH 1975); H.B. 886 MAKING AN APPROPRIATION FOR SCHOOLS OF THE 19th REPRESENTATIVE DISTRICT; H.B. 918 MAKING AN APPROPRIATION TO SUPPLEMENT PRIOR APPROPRIATION FOR THE PLANNING AND CONSTRUCTION FOR AN INDUSTRIAL ARTS/HOME ECONOMICS BUILDING, WAIALUA HIGH SCHOOL, WAIALUA, OAHU; H.B. 919 MAKING AN APPROPRIATION

TO SUPPLEMENT PRIOR APPROPRIATION FOR PLANNING AND CONSTRUCTION FOR AN INDUSTRIAL ARTS/HOME ECONOMICS BUILDING, WAIALUA HIGH SCHOOL, WAIALUA, OAHU; H.B. 920 MAKING AN APPROPRIATION FOR THE ULTIMATE SITE PLAN REPORT, WAIALUA HIGH SCHOOL, WAIALUA, OAHU; H.B. 946 MAKING AN APPROPRIATION FOR SCHOOLS WITHIN THE EIGHTH REPRESENTATIVE DISTRICT; H.B. 970 MAKING APPROPRIATIONS FOR CAPITAL IMPROVEMENT PROJECTS FOR KAHUKU HIGH SCHOOL, LAIE ELEMENTARY SCHOOL, AND KAHUKU ELEMENTARY SCHOOL, OAHU; H.B. 972 MAKING APPROPRIATIONS FOR CAPITAL IMPROVEMENTS AT CERTAIN OAHU SCHOOLS; H.B. 1037 MAKING AN APPROPRIATION FOR IMPROVEMENTS IN THE TWENTY-FOURTH REPRESENTATIVE DISTRICT, OAHU; H.B. 1042 MAKING APPROPRIATIONS FOR CAPITAL IMPROVEMENT PROJECTS FOR NINTH DISTRICT SCHOOLS, HONOLULU, OAHU; H.B. 1043 MAKING APPROPRIATIONS FOR CAPITAL IMPROVEMENT PROJECTS FOR KAIMUKI HIGH SCHOOL, HONOLULU, OAHU; H.B. 1054 MAKING AN APPROPRIATION FOR CAPITAL IMPROVEMENT PROJECTS IN THE 21st REPRESENTATIVE DISTRICT, OAHU; and H.B. 1091 MAKING AN APPROPRIATION FOR SCHOOLS WITHIN THE SEVENTH REPRESENTATIVE DISTRICT.

Your Committee on Education is in accord with the intent and purposes expressed in H.B. Nos. 722, 753, 755, 826, 873, 886, 918, 919, 920, 946, 970, 972, 1037, 1042, 1043, 1054, and 1091, and recommends that they pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Poepoe.

SCRep. 218 Culture and the Arts and Education on H. B.No. 1125

The purpose of this bill is to provide \$200,000 of general revenues to renovate the historical print shop (Hale Pa'i) at Lahaina High School, County of Maui.

Hale Pa'i O Lahainaluna is one of the most significant historic buildings in the State of Hawaii. Recorded with the National Register of Historic Places, Hale Pa'i O Lahainaluna was, at one time, the print shop which produced some of the first materials with the Hawaiian language in printed form. The building stands as tangible evidence of this meaningful event.

Today the building stands unoccupied and in a condemned state of decay. Your Committee finds that steps must be taken to prevent further deterioration as continued delay will make final restoration more difficult and costly.

The monies provided in H.B. 1125 would allow for the complete stabilization of the building by making it structurally sound. When this is accomplished and all code requirements are met, the building can be occupied and used as the final restoration work is in progress.

Your joint Committees on Culture and the Arts and Education are in accord with the intent and purpose of H.B. No. 1125, and recommend that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 219 Culture and the Arts and Higher Education on H. B. No. 901

The purpose of this bill is to ensure the continuation of the vital functions of the Ethnic Studies Oral History Project.

Legislative support for the recordation of Hawaii's history through oral or written communication began in 1971 with the passage of Act 163.

At that time; the legislature recognized that the key to much of Hawaii's cultural knowledge was the people themselves; particularly the older people who lived through crucial transition periods in the State's history. Concerned that such information on cultural and social practices would remain untapped and realizing that for many older people oral communication was the only method possible to acquire this information, the legislature established an ethnic studies program responsible for recording Hawaii's social and cultural history through oral or written communication.

In 1975, the House Committee on Culture and the Arts laced the Ethnic Studies Oral History Project under the University of Hawaii (see Conference Committee Report No. 28-75). Provisions were made by the Committee for \$80,000 for the 1975-1977 biennium to be expended by the State Foundation on Culture and the Arts (SFCA).

The decision to fund the Project through SFCA in 1975 was made out of concern for the Project's survival. Structural and management problems within the Hawaii Foundation on History and the Humanities (HFHH) compounded by differences in methodology and perspective among the Board of Trustees threatened the operations of the HFHH. Funding the Ethnic Studies Oral History Project through SFCA assured the program's continuity and integrity.

Equally important, the Committee agreed that time was of the essence for those men and women who hold the key to Hawaii's past. The Committee felt that with their passing, a part of the story of old Hawaii would also die.

Your Committees find that certain changes within the HFHH in this past year may have a positive effect on the future of HFHH. However, your Committees also find that the HFHH proposed re-organization plans are still tentative and subject to legislative review. Moreover, "time" is still a matter of grave concern and much of the work in historical preservation remains untouched. For these reasons, your Committees decided again to place the Ethnic Studies Oral History Project with the State Foundation on Culture and the Arts.

Your Committees received testimony which wholeheartedly supports H.B. No. 901. Shoji Okazaki of the ILWU Local 142 underscored the urgency of time as did Irma Tam Soong of the Hawaii Chinese History Center and A. Van Horn Diamond of the AFL-CIO.

Evidence of the quality and status of the Ethnic Studies Oral History Project was presented by Professor Edward Beechert from the History Department of the University of Hawaii and Yvonne Yarber, a curriculum developer at the University.

According to Dr. Beechert, the Asian American Studies Center Library at the University of California at Los Angeles (UCLA) is presently negotiating with the Ethnic Studies Oral History Project to purchase copies of microfilms of plantation records. Dr. Beechert also anticipates eventual publication of the transcripts in the New York Time Oral History Publishing Program. These transcripts will then be available on a world-wide basis.

On a State level, tapes produced from 80 interviews by the Ethnic Studies Oral History Project have been transcribed and printed. Preparations for the distribution of these materials to state educational curriculum centers, the State library and the University have begun.

The monies requested in H.B. No. 901 would allow the program to expand, on a limited basis, to the Neighbor Islands.

Your Committees' decision to amend the appropriation from \$180,000 to \$50,000 for the fiscal year 1977-1978 arose after much discussion on the program's relative infancy. Your Committees believe that additional funds can be requested at the next legislative session.

Your Committees have some concern about accountability and therefore suggest that the Ethnic Studies Oral History Project continue to submit annual progress reports to the legislature.

Your joint Committees on Culture and the Arts and Higher Education are in accord with the intent and purpose of H.B. No. 901, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 901, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 220 Culture and the Arts on H. B. No. 1002

The purpose of this bill is to appropriate monies to the Hawaiian Ethnic Artist Association through the Foundation on Culture and the Arts.

Your Committee heard testimony from Kamuela Price, Executive Director of the Association.

According to Mr. Price, there is currently no place available in Hawaii for indigenous native hawaiians to develop their talents or display their works of art. Although federal assistance to ethnic artists is available, ethnic artists already receiving support through state funds have priority over those that do not.

The Foundation on Culture and the Arts presented written testimony which was in accord with the idea of state support to indigenous hawaiian arts and artists but suggested that the monies be expended instead for a total program that would include more than one single group or artist.

While your Committee agrees with the proposal of the Foundation, H.B. 1002 is not the proper vehicle for implementing such a program.

Your Committee believes that until a program incorporating the concept proposed by the Foundation can be implemented, passage of H.B. 1002 would serve as an interim measure of support.

Your Committee recommends an amendment to provide \$1,000 for the fiscal year 1977-78 to the Hawaiian Ethnic Artist Association. To assure a careful accounting of the Association's progress, your Committee also recommends the amendment to read:

SECTION 1. There is appropriated out of the State of Hawaii, \$1,000 for fiscal year 1977-78 to the Hawaiian Ethnic Artist Association for the purchase and display of works of art by indigenous artists of Hawaii. Provided, however, that all expenditures shall be recorded, and all receipts and other supporting documentation shall be retained by the Hawaiian Ethnic Artist Association which shall maintain standard accounting procedures and the foregoing, together with the balance sheets and financial statements, shall be submitted to the House Committee on Culture and the Arts, the Senate Committee on Education and the Foundation on Culture and the Arts no later than fifteen (15) days after the close of the fiscal year.

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

Signed by all members of the Committee.

SCRep. 221 Culture and the Arts on H. B. No. 1012

The purpose of this bill is to provide a grant-in-aid to the Bishop Museum for operating expenses.

While your Committee recognizes the traditional significance and value of the scientific and historical contributions of the Bishop Museum, your Committee is also aware of the many other resources presently available to the Museum such as private grants, contracts, shop sales, admission fees and its limited trust.

In addition, other support grants from the State through the Hawaii Foundation for History and the Humanities and a 1976 legislative appropriation of \$100,000 are forthcoming.

Your Committee has amended H.B. No. 1012 to provide \$100,000 as a grant-in-aid to the Bishop Museum for operating expenses. The amendment would read as follows:

SECTION 1. There is appropriated out of the general revenues of the State of Hawaii the sum of \$100,000, to provide a grant-in-aid to the Bishop Museum for operating expenses.

Your Committee on Culture and the Arts is in accord with the intent and the purpose of H.B. No. 1012, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1012, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 222 Public Employment and Government Operations on H. B. No. 609

The purpose of this bill is to amend Chapter 88, Hawaii Revised Statutes, by adding provisions to allow a sewer worker to retire after 25 years of credited service with no reduction in benefits, and to increase his service retirement benefits to 2-1/2% of his average final compensation for each year of credited service.

Under present law, policemen, firemen and corrections officers are entitled to full retirement benefits after 25 years of service without penalty due to the hazardous nature of their work. Testimony heard by your Committee indicates that the sewer workers' jobs are equally hazardous due to their constant exposure to toxic gases and communicable diseases. Further testimony by a Professor of the School of Public Health at the University of Hawaii states that their occupation is one of the most dangerous.

The bill originally provided for service retirement benefits of 2-1/2% of the average final compensation for each year of service and increased the employees' contribution to the Pension Accumulation Fund to 10-4/10% of their salaries. Your Committee has amended the bill by eliminating these provisions because unlike policemen, firemen and corrections officers, sewer workers are required to contribute toward social security and will receive these benefits upon retirement.

Your Committee has further amended the bill by limiting the early retirement provision to the following classifications: sewer maintenance helper, sewer maintenance repairer, sewer maintenance supervisor, gas detector, gas detector helper, gas detector supervisor, cesspool worker, cesspool pumping equipment operator II, and cesspool pumping equipment operator I. Your Committee believes that only employees in those classifications which are most constantly exposed to toxic gases and communicable diseases should receive the early retirement benefit under this bill.

The original bill also provided that in order to qualify for early retirement benefits the member had to spend the last 5 or more years of credited service prior to retirement as a sewer worker. Your Committee feels that extended exposure at any time to toxic gases and diseases constitutes a grave danger to the workers' health. Therefore your Committee amended the bill to allow for a member to receive retirement benefits after 25 years of credited service, provided any 5 of those years were credited service in any of the nine classifications.

Your Committee on Public Employment and Government Operations is in accord with the intent and purpose of H.B. No. 609 as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 609, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 223 Health on H. B. No. 334

The purpose of this Bill is to appropriate out of the general revenues the sum of \$25,000, for the operation of the special olympics program for the physically and mentally handicapped.

Your Committee finds that by funding this program, the State would be providing opportunities for physical activities, sports training, and athletic competition for the physically and mentally handicapped citizens of our State. Also, to aid in giving these citizens a sense of pride in competition with his or her peers in participating in such a program.

Your Committee on Health has amended H.B. No. 334 to read as follows:

"SECTION 1. There is appropriated out of the general revenues of the State of Hawaii the sum of \$25,000, or so much thereof as may be necessary, for the operation of the special olympics program for the physically and mentally handicapped."

Your Committee on Health is in accord with the intent and purpose of H.B. No. 334, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 334, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 224 Health on H. B. No. 89

Your Committee finds that services to Hawaii's physically handicapped persons are provided by various public and private agencies.

However, there is still a great need to focus our attention on the physically handicapped people in the State.

Your Committee further finds that though programs currently exist for the physically handicapped, there are many individuals who are not able to participate in the services available.

Your Committee has amended H.B. No. 89 to provide the amount of \$5,000 for the establishment and operation of a physically handicapped community center.

Your Committee on Health is in accord with the intent and purpose of H.B. No. 89, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 89, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives
Ueoka and D. Yamada.

SCRep. 225 Health on H. B. No. 198

The purpose of this Bill is to amend Act 84, Session Laws of 1976 in order to enable the Department of Health to develop a safe drinking water program in accordance to the Federal Safe Drinking Water Act.

Your Committee finds that Act 84 was designed to provide statutory basis for the Department of Health to establish a safe drinking water program which would meet the requirements of the Federal Safe Drinking Water Act.

Your Committee further finds that the U.S. Environmental Protection Agency has promulgated drinking water regulations applicable to public water systems and is overdue in publishing requirements for underground injection control programs.

As a result, it has become apparent that amendments are necessary to enable the Department of Health to develop a workable and approvable program for public water systems as well as an underground injection control program in order to meet the needs and problems specific to the State of Hawaii.

Your Committee on Health is in accord with the intent and purpose of H.B. No. 198 and recommends that it pass Second Reading and be referred to the Committee on Ecology and Environmental Protection Committee.

Signed by all members of the Committee.

SCRep. 226 Health on H. B. No. 379

The purpose of this Bill is to provide for the establishment and administration of a radiation safety program in the Department of Health to ensure compliance with the safe standards for the use, transportation, storage, and handling of all radiation materials and equipment in accordance with Title 10, Chapter 1, Code of Federal Regulations. The Bill also defines "radiation" and the program activities.

Your Committee has found it necessary for the State to implement a coordinated effort to instruct, inspect and set up an appropriate radiation accident response program, to properly protect the radiological health and safety of workers and the general public, and provide proper emergency plans for radiological incidents. Emergency procedures would incorporate the services of the appropriate State, County, and private sectors.

Your Committee further finds that the Department of Health will maintain that its users are in compliance with Federal Regulations and that those persons who handle radioactive materials receive proper instruction and training.

Your Committee on Health is in accord with the intent and purpose of H.B. No. 379

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

Signed by all members of the Committee.

SCRep. 227 Health on H. B. No. 483

The purpose of this Bill is to provide a grant-in-aid of \$40,000 for the fiscal year 1977-78, to the Volunteer Information and Referral Service to fund the Suicide and Crisis Center.

The Suicide and Crisis Center of the Volunteer Information and Referral Service is an agency which provides a year-round 24-hour telephone service for persons in crisis plus a ten person face-to-face crisis intervention team. The Mental Health Division of the Department of Health has a close working relationship with the Suicide and Crisis Center in that the standby psychiatrist on the State-funded 24-hour Psychiatric Emergency Roster is a State psychiatrist. The crisis team from the center is sent out to deal with a client on a face-to-face basis on the advice of the State psychiatrist. The crisis intervention team is also available to provide services outside of normal working hours of the mental health centers, thus making available to the community a 24-hour crisis intervention resource.

Your Committee on Health is in accord with the intent and purpose of H.B. No. 483 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 228 Health on H. B. No. 528

The purpose of this Act is to allocate to Kauaikeolani Children's Hospital the sum of \$750,000, or so much thereof as may be necessary, for the expansion of facilities.

Kauaikeolani Children's Hospital, founded in 1908, is a non-profit hospital and the only hospital in Hawaii devoted exclusively to the care of children. In keeping with current pediatric requirements, the hospital has dedicated itself to developing programs and services aimed at emphasizing integration of all professional skills into a program of total child care.

Presently, the Children's Hospital buildings are no longer adequate and a new comprehensive medical center for maternalchild care is in the process of construction. The appropriation of \$750,000 will be applied to the anticipated construction and equipment costs of the Ancillary Support building, a part of the current building program.

Your Committee on Health is in accord with the intent and purpose of H.B. No. 528 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 229 Health on H. B. No. 579

The purpose of this Act is to appropriate to The House, Inc., the sum of \$19,000, or so much thereof as may be necessary, to continue an alternative to the hospitalization of socially and emotionally disturbed persons for the fiscal year 1977-78.

The House, Inc., provides halfway house facilities for individuals not requiring hospitalization in a psychiatric institution, and for individuals who, though once hospitalized, are now ready and desirous of reentering the mainstream of the community.

In the past eight months, The House, Inc., has operated at full capacity with a substantial waiting list. The service cost per client per day is about \$16.00 versus \$80.00-plus at the State Hospital, thus evidencing less cost to the client. In addition, the Department of Health's recent report to this legislature on maximization of alternative health care options for the mentally ill, specifically concludes that private programs, like The House, Inc., represent the most economical and efficient avenue in the provision of sufficient new services.

Your Committee is in agreement with the Department of Health that The House, Inc., provides a valuable in-community resource for that Department, and continues to be one of the most viable alternatives to hospitalization of psychiatrically ill patients.

Your Committee on Health is in accord with the intent and purpose of H.R. No. 579 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 230 Health on H. B. No. 202

The purpose of this Bill is to amend Section 338-18, Hawaii Revised Statutes to remove existing ambiguities and facilitate genealogical studies.

Your Committee finds that Section 338-18 (b) prohibiting disclosure of illegitimacy of birth is illogical since the mere compliance with the section discloses illegitimacy, therefore a deletion of this section was included.

Furthermore, your Committee finds the need to specify the intent of the wording "direct and tangible interest", which was amended in the Bill.

Your Committee also recognized requests for information concerning vital events, especially for genealogy purposes.

As a result, the Bill allows the department to provide data index to be made available to the public in order to accommodate these requests.

Your Committee on Health is in accord with the intent and purpose of H.B. No. 202 and recommends that it pass Second Reading and be referred to the Committee on Judiciary.

Signed by all members of the Committee.

SCRep. 231 Health on H. B. No. 308

The purpose of this Act is to ensure expeditious examination and treatment of rape victims, and to assist in the cost of examination, treatment, and evidence gathering in cases where complaints of rape crimes are subsequently made by rape victims.

Presently on Oahu, the Kapiolani Hospital Sex Abuse Treatment Center provides comprehensive services to adult female victims of sexual abuse, including medical, social, and legal services.

On the other islands, free medical and legal services are provided by the police departments to rape victims who report the crime to them.

Notwithstanding the services provided, your committee finds that the development of comprehensive services at various hospitals throughout the city and rural areas of the State, as would be necessary to carry out the intent of the Act, would greatly improve the services afforded to rape victims, as well as alleviate some of the victim's emotional stress, which is aggravated by examination and report procedures.

Your Committee on Health is in accord with the intent and purpose of H.B. No. 308 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 232 Health on H. B. No. 592

The purpose of this Bill is to amend Section 235-54 of the Hawaii Revised Statutes in order to allow persons who are blind, deaf, and totally disabled an income tax exemption of \$7,000.

In 1957, the income tax law provided a \$5,000 tax exemption to the blind.

Act 90 in 1970 allowed the deaf and disabled a tax exemption of \$5,000.

Your Committee finds that in order to compensate for the loss of spending power due to inflation, an increase in tax exemption from \$5,000 to \$7,000 is needed.

Your Committee on Health is in accord with the intent and purpose of H.B. No. 592 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 233 Health on H. B. No. 687

The purpose of this Bill is to provide funds to the Mental Health Association of Hawaii for the establishment of a diagnostic and crisis intervention program for mentally disturbed persons.

Your Committee finds that under Act 130 (Hawaii's Mental Health Law), one of the criteria for involuntary hospitalization is that the court find that a person "is in need of care and/or treatment, and there is no suitable alternative available through existing facilities and programs which would be less restrictive than hospitalization". At the present time, there is no alternative residential treatment program for persons in an initial acute stage of their illness, and as a result the only option for these persons is hospitalization.

By establishing this program, your Committee recognizes that this would provide an alternative to hospitalization.

Furthermore, the program would provide intensive treatment, rehabilitation, socialization and aftercare planning services for adult patients in the initial acute stages of their illness.

Your Committee has amended H.B. No. 687, Section 2 to read:

"SECTION 2. There is appropriated out of the general revenues of the State of Hawaii the sum of \$150,000, or so much thereof as may be necessary to provide funds for the purpose of developing a Diagnostic and Crisis Intervention Program for mentally disturbed persons."

Your Committee on Health is in accord with the intent and purpose of H.B. No. 687, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 687, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 234 Health on H. B. No. 754

The purpose of this Act is to appropriate out of the general revenues of the State of Hawaii the sum of \$300,000, or so much thereof as may be necessary, for the renovation and expansion of Wahiawa General Hospital.

Wahiawa General Hospital is the only major hospital in the central Oahu area. Referrals to the hospital are not only from Wahiawa proper, but from Ewa, Waialua, Haleiwa, Waipahu, Pearl City, Waianae, Nanakuli, Sunset Beach, and Mililani. With the closing of Waialua General Hospital, greater demands for medical care has been placed on Wahiawa General Hospital.

Wahiawa General Hospital is currently engaged in a construction program which will improve outpatients facilities in the central Oahu area, and in turn, provide the best possible medical care at the lowest possible cost.

The appropriation of \$300,000 will be utilized to facilitate the completion of the first phase of this construction program.

Your Committee is in agreement that future outpatient facilities at Wahiawa General Hospital will be utilized to a greater extent and therefore, it is necessary to expand present outpatient services to meet the medical needs of the community.

Your Committee on Health is in accord with the intent and purpose of H.B. No. 754 and recommends that it pass Second Reading and be referred to the Committee on Finance

Signed by all members of the Committee.

SCRep. 235 Health on H. B. No. 367

The purpose of this Bill is to appropriate out of the general revenues the sum of \$30,000 for lease or purchase of necessary radiation safety equipment and supplies for the radiation safety program of the Department of Health.

Based on testimony, your Committee has found that there is a very definite need to upgrade the radiation safety measuring, calibration and inspection devices and equipment. By doing so, we will be better able to ensure the safety of the people of Hawaii against accidents and faulty equipment use.

Your Committee on Health is in accord with the intent and purpose of H.B. No. 367 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 236 Health on H. B. No. 91

The purpose of this Act is to ensure medical, social, and legal services to rape victims, who are vulnerable to extreme emotional stress, which stress can be alleviated by the rendition of specialized and highly trained services.

The Kapiolani Hospital Sex Abuse Treatment Center, established in October, 1976, is presently providing the victim of sexual assault with sensitive and thorough care through medical, crisis intervention, counseling, and legal support services.

The Department of Health favors the rendition of prompt, competent, and sympathetic services to rape victims. Your Committee finds that the program of the Sex Abuse Treatment Center meets these goals and should be supported by continuation of funding.

Your Committee on Health has amended this Bill for the purposes of this Act to appropriate \$400,000 for the biennium.

Your Committee on Health is in accord with the intent and purpose of H.B. No. 91, as amended herein, and recommends that it pass Second Reading and be referred to the Committee on Finance in the form attached hereto as H.B. No. 91, H.D. 1.

Signed by all members of the Committee except Representative Ueoka.

SCRep. 237 Health on H. R. No. 79 (Majority)

The purpose of this Resolution is to have the House Committees on Health and Employment Opportunities and Labor Relations conduct a review of the Hawaii Prepaid Health Care program with a view towards examining the need and feasibility of expanding coverage to include workers and additional desirable health care services not covered under the present law.

Testimony presented before your Committees supports the intent of the Resolution.

Your Committees has amended the Resolution to read as follows:

(a) "BE IT RESOLVED by the House of Representatives of the Ninth Legislature of the State of Hawaii, Regular Session of 1977, that the Committees on Health and Employment Opportunities and Labor Relations review the prepaid health care law particularly with a view towards examining the need and feasibility of expanding the coverage of the law to include heretofore omitted persons, and additional desirable health care services such as annual physical examinations and long-term nonrehabilitative care; and".

(b) "BE IT FURTHER RESOLVED that the Committees on Health and Employment Opportunities and Labor Relations report on its findings and recommendations prior to the convening of the Regular Session of 1978; and".

(c) "BE IT FURTHER RESOLVED that certified copies of this Resolution be transmitted to the Speaker of the House of Representatives and the Chairpersons of the Committees on Health and Employment Opportunities and Labor Relations".

Your Committees on Health and Employment Opportunities and Labor Relations concur with the intent and purpose of H.R. No. 79 as amended herein, and recommends that it be referred to the Committee on Legislative Management in the form attached hereto as H.R. No. 79, H.D. 1.

Signed by all members of the Committee.
(Representatives Cobb and Sutton did not concur)

SCRep. 238 Tourism on H. R. No. 145

The purpose of this resolution is to request the House Committee on Tourism to evaluate the current promotional efforts of the various trade groups established for that purpose.

Your Committee is further requested, in its work, to determine from all such groups information including, but not limited to, the following: a description of overall marketing programs; overall program objectives; identified client and target groups; perceived effectiveness in meeting objectives; and conformance of program with adopted state policies on tourism. Your Committee will report back to the House its findings, as well as any appropriate conclusions and recommendations.

Your Committee, after holding a public hearing, recommends the following change:

a) Third Resolved Clause.

...prior to the opening day of the Regular Session of 1978;

Your Committee feels this a more appropriate deadline and, therefore, has made this amendment.

Your Committee on Tourism concurs with the intent and purpose of H.R. No. 145, as amended herein, and recommends that it be referred to the Committee on Legislative Management in the form attached hereto as H.R. No. 145, H.D. 1.

Signed by all members of the Committee.

SCRep. 239 Tourism on H. R. No. 149

The purpose of this resolution is to request the House Committee on Tourism to evaluate and prepare a progress report on the status of current and planned programs of state, federal, and county agencies; and private groups designed to meet Waikiki's physical, social, economical, and environmental problems, including, but not limited to, the specific concerns raised in this resolution.

Your Committee will submit its progress report, along with any appropriate conclusions and recommendations.

Your Committee has made one change to the resolution, as follows:

a) Second Resolved Clause.

...to the House of Representatives prior to the last day of the Regular Session of 1977;

Your Committee feels that to prepare and present an accurate report, the aforementioned amendment is proper.

Your Committee on Tourism concurs with the intent and purpose of H.R. No. 149, as amended herein, and recommends that it be referred to the Committee on Legislative Management, in the form attached hereto as H.R. No. 149, H.D. 1.

Signed by all members of the Committee except Representatives
Peters and Stanley.

SCRep. 240 Tourism on H. R. No. 148

The purpose of this resolution is to request the House Committee on Tourism to review and assess the effectiveness of efforts of the Department of Planning and Economic Development and its two committees, to solve the overbooking problem.

Your Committee is also requested to obtain from the department a progress report, presentation, testimony, or other demonstration of current efforts to this end. Your Committee is to report to the House of Representatives its findings, conclusions, and recommendations.

Your Committee has made one amendment to the resolution in the third resolved clause, to which the reporting date shall be prior to the opening day of the Regular Session of 1978.

Your Committee feels that this will give the Committee sufficient time to prepare and present an accurate account of the department's actions.

Your Committee on Tourism concurs with the intent and purpose of H.R. No. 148, as amended herein, and recommends that it be referred to the Committee on Legislative Management in the form attached hereto as H.R. No. 148, H.D. 1.

Signed by all members of the Committee except Representatives Peters and Stanley.

SCRep. 241 Health on H. B. No. 863

The purpose of this Bill is to provide regulation of practices in occupational therapy to safeguard the public health, safety, and welfare, protect the public from being misled by incompetent, unscrupulous, and unauthorized persons and to assure the highest degree of professional conduct on the part of occupational therapy.

The present system is the National Organization Regulation. There is a need to have regulation of licensing of occupational therapists and occupational therapy assistants on a statewide and local basis to assure therapy services of high quality to persons in need of such service in the State of Hawaii.

All applicants applying for the occupational therapist and occupational therapy assistant positions must comply with the stated requirements in the Bill.

Your Committee on Health recognizes the importance of implementing and developing the standards of experience and expertise for occupational therapy to protect the citizens of the State of Hawaii.

Your Committee on Health is in accord with the intent and purpose of H.B. No. 863 and recommends that it be referred to the Committee on Consumer Protection and Commerce.

Signed by all members of the Committee.

SCRep. 242 Health on H. B Nos. 651 and 652

The purpose of these Bills is to provide funding in order to enable the State of Hawaii to acquire the five acre tract of land on Kuakini Street for the use of the Rehabilitation Hospital of the Pacific.

Your Committee finds that the Rehabilitation Hospital was a division of the Children's Hospital. Due to the consolidation of Children's Hospital with Kapiolani Hospital, the Rehabilitation Hospital was recognized as a separate and new legal entity.

The purpose of H.B. No. 651 is to appropriate \$250,000 to supplement Section 7, Part IVA, Section 91E, III, Item H.6., Session Laws of Hawaii, for the acquisition of land for lease to the Rehabilitation Hospital of the Pacific, Oahu.

H.B. No. 652 amends Item No. III-H-6 of Act 195, Session Laws of Hawaii 1975, Part VIA, Section 91F, to allow \$750,000 of unexpended balances from the construction accounts to be used to supplement the land account.

Your Committee on Health is in accord with the intent and purpose of H.B. No. 651 and H.B. No. 652 and recommends that they pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 243 Health on H. B. No. 480

The purpose of this Bill is to provide an appropriation for the continuance of a genetics laboratory for genetic diagnosis, counseling, treatment, management, and other ancillary services and care with an eventual goal for reduction of incidence of mental retardation.

Your Committee finds that accurate diagnosis of many inherited disorders is now possible using the services of a genetics laboratory. The laboratory performs a vital service to citizens of Hawaii by providing information required for genetic counseling. In many instances, the exact cause of some forms of mental retardation and serious physical malformations, such as Down's Syndrome, can be determined in the genetics laboratory.

Your Committee further finds that with the new laboratory techniques being developed, the genetics laboratory can be expected to be called upon with increasing frequency to provide medical information on unborn babies; some babies may then in turn be successfully treated during fetal life and early infancy to prevent mental and physical damage.

Your Committee has amended this Bill by providing an appropriation of \$140,000 for the fiscal biennium 1977-1979 for the continuance of a genetics laboratory.

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

Signed by all members of the Committee.

SCRep. 244 Health on H. B. No. 1103

The purpose of this Bill is to provide funds to construct an addition to the existing Po'ailani facility for the mentally disturbed.

This addition would enable the program to increase its capacity from five to thirteen residents.

Po'ailani, an affiliate of the Kalihi -Palama Community Mental Health Center, provides transitional residential social rehabilitation for mentally ill adults (men and women).

Your Committee has amended H.B. No. 1103 as follows:

"SECTION 1. There is appropriated out of the General Revenues of the State of Hawaii the sum of \$20,000, or so much thereof as may be necessary, for additional construction of Po'ailani Halfway House."

Your Committee on Health is in accord with the intent and purpose of H.B. No. 1103, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1103, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 245 Finance on H. B. No. 194

The purpose of this bill is to authorize the Employees Retirement System to invest funds in investment contracts and agreements offered by insurance companies.

Your Committee was informed by the State director of budget and finance that with the rapid and steep rise in employer contribution requirements for the pension accumulation and post retirement funds and also for social security, greater attention is being directed by the Trustees of the Employees Retirement System toward improving the yield on investments in order to reduce employer costs. A one per cent increase in investment yield could mean a reduction of employer contribution requirements by as much as 20 per cent. Presently, the System's investments consist of stocks, bonds and mortgages with the greater portion being in fixed income securities. Yield for the fiscal year ending June 30, 1976 was approximately 6.75 per cent exceeding the statutory earning requirements of 4.50 per cent and, thereby resulting in a reduction in employer contribution requirements for 1978-1979 of \$15.5 million.

In order to improve yield, the Trustees are looking into other vehicles of investments among which are those offered by leading insurance companies, particularly the guaranteed income programs of these companies. Authorization to invest in these programs does not necessarily mean that the Trustees will do so.

Your Committee agrees that the authorization sought by this bill should be granted to the System. Your Committee requests that should the Trustees decide to enter into investment contracts with insurance companies that the Trustees report the details of such investments to the Legislature.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 194 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 246 Agriculture on H. B. No. 178

The purpose of this bill is to insure only the highest quality of rooted plants are exported from Hawaii by amending the statute governing the export of Hawaiian-grown flowers and foliage to include rooted plants.

Your Committee finds the nursery industry has grown from a \$100,000 per year business in 1972 to a \$865,000 per year business in 1975, and promises to become a multi-million dollar industry. Presently, the Department of Agriculture has not established grade standards for ornamentals, and rooted plants are not covered by statute.

The proposed amendment will allow the department, in conjunction with the industry, to develop grades and standards for all exported nursery products. The grades and standards will be tailored after the standards recommended for nursery stock developed by the American Association of Nurserymen.

Your Committee is in agreement with the agriculture department's assessment that uniform standards serve to upgrade the nursery industry and increase its growth by insuring inferior products are not exported.

Your Committee on Agriculture is in accord with the intent and purpose of H.B. No. 178 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 247 Agriculture on H. B. No. 177

The purpose of this bill is to amend the Milk Control Act of 1967 to amend the legal definition of milk to comply with the definition of pasteurized Grade A milk in U.S. Public Health Service regulations, and to empower the Department of Agriculture with greater authority in conducting programs to strengthen the economic stability of the dairy industry.

Your Committee finds many of the program areas which would be authorized by the adoption of the proposed amendments have been conducted in the past on an informal basis with the support and encouragement of the dairy producers and processors.

The proposed changes would formalize the department's authority to continue to provide leadership and technical assistance to the dairy industry, a role strongly urged by industry representatives in testimony on the bill.

Your Committee also finds the proposed establishment of a reasonable application fee for a license to become a dairy processor or producer would give the department a degree of control over potential milk producers. It should be noted that producer members of an agricultural cooperative must comply with the licensing provisions but an agricultural cooperative is exempt from the application fee.

Your Committee feels the amendments proposed would provide new impetus to the development of programs to help reduce the production costs to the industry and insure

the production of an adequate supply of wholesome milk for the consumer .

Your Committee on Agriculture is in accord with the intent and purpose of H.B. No. 177 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 248 Health on H. B. No. 862

The purpose of this Bill is to provide funds to Po'ailani Halfway House for the purpose of providing a residential treatment program for mentally disturbed individuals.

Po'ailani Halfway House, which began operation on May 1, 1976, provides residential treatment services.

The Po'ailani program is one of two halfway houses in Hawaii designed specifically for those individuals who are experiencing an emotional disability and who are in need of residential treatment in the community.

Your Committee on Health has amended H.B. No. 862 as follows:

"SECTION 2. There is appropriated out of the general revenues of the State of Hawaii the sum of \$17,000, or so much thereof as may be necessary, to provide a grant-in-aid to Po'ailani for the purpose of providing a residential treatment program for mentally disturbed individuals."

Your Committee on Health is in accord with the intent and purpose of H.B. No. 862, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 862, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 249 Legislative Management

Informing the House that House Resolution Nos. 461 to 465, House Concurrent Resolution No. 80 and Standing Committee Report Nos. 250 to 268 have been printed and distributed.

Signed by all members of the Committee.

SCRep. 250 Education and Higher Education on H. B. No. 757

The purpose of this bill is to establish a pilot project to determine the effectiveness of the State's manpower training program, as administered by the State Manpower Training Office, University of Hawaii Community College System, in providing a job-oriented career opportunities program for secondary school students who are dissatisfied with the curriculum offerings currently available to them. This bill appropriates the sum of \$150,000, or so much thereof as may be necessary, to the department of education to contract with the Office of Manpower Training, University of Hawaii, for the purposes of this bill.

Your Committees find that a systematic approach is necessary to provide alternative education for secondary students. Of particular concern to your Committees is the effectiveness of conventional programs and alternative programs in preparing students for a working life, especially those young people who have dropped out of school or who attend begrudgingly and are not furthering the realization of their economic potential. This is the target group for the pilot project established by this bill. The essence of the pilot project is the extension of any existing program, which has demonstrated success with an older but similar target group, to those secondary students who can benefit in attaining the job skills offered in the State's manpower training program.

Your Joint Committees on Education and Higher Education is in accord with the intent and purpose of H.B. No. 757, and recommends that it pass Second Reading and be referred to Finance.

Signed by all members of the Committee except Representatives Stanley and Poepoe.

SCRep. 251 Consumer Protection and Commerce and Judiciary on H. B. No. 57

The purpose of this bill is to require insurance companies to issue a no-fault identification card or certificate of selfinsurance for each vehicle so covered. This card would be carried in the insured car for display upon demand by a law enforcement officer.

Violation of this provision would require the court appearance of both the driver and the registered owner of the vehicle to verify no-fault coverage. Verification of no-fault coverage would result in the dismissal of charges.

In addition to a fine or imprisonment should the vehicle be uninsured, this bill mandates suspension or revocation and seizure of the vehicle registration plates and of the driver's license of both the driver and the registered owner. However, termination of any judgement is permissible upon compliance with the statutory requirement.

The present no-fault law does not require proof of insurance to a police officer upon demand, nor does a police officer have authority to request proof of insurance.

Your Committees are in agreement that this bill provides the necessary teeth to the no-fault law enforcement provision, and will reduce the uninsured motorist population.

Your Committees recommend an amendment to insert the word "effective" before the word "dates" on page two (2) line three (3) and change the word "dates" to "date". The purpose of these amendments is to comply with the effective date procedure which has been followed since the inception of the Hawaii No-Fault Law. Many policies are continuous and a fixed expiration date would not accomplish any useful purpose.

Your Committees on Consumer Protection and Commerce and Judiciary are in accord with the intent and purpose of H.B. No. 57 as amended herein and recommend that it pass Second Reading in the form attached hereto as H.B. No. 57, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committees.

SCRep. 252 Consumer Protection and Commerce on H. B. No. 927

The purpose of this bill is to repeal the statutory requirements to label wood alcohol containers with the statement, "Poison: Laau Make."

This requirement is redundant with the federal Food and Drug Administration regulations which require that products containing wood alcohol in excess of 4% carry a poison label. Also, Chapter 16 of the Department of Health's Public Health Regulations, stipulates that purchasers of wood alcohol products must be an adult and that such persons are required to sign a record of purchase.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 927 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 253 Consumer Protection and Commerce on H. B. No. 930

The purpose of this bill is to clarify the law relating to credit card offenses by making it unlawful to attempt or conspire as well as actually consummate fraudulent transactions with credit cards obtained or retained in violation of Section 851 of the Hawaii Revised Statutes.

Without these provisions, a question of whether attempts or conspiracies are applicable to credit card offenses may be raised as Chapter 851 of the Hawaii Revised Statutes relating to Credit Card Offenses is not a part of the Penal Code, whereas, attempt and conspiracy sections are included in Chapters 701-713 of the Hawaii Penal Code. It is believed that these amendments will eliminate this doubt.

Your Committee is in accord with the intent and purpose of H.B. No. 930 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 254 Consumer Protection and Commerce on H. B. No. 680

The purpose of this bill is to decrease the period of time allowed for license restoration from one year to sixty days. In addition, the measure would disallow claims against the contractors recovery fund, if the homeowner's injury was caused by a contractor whose license was inactive at the time of the alleged wrongdoing.

Presently, the law allows a contractor one year from the date of license renewal to pay his fees without suffering any legal disability.

According to the testimony by the Department of Regulatory Agencies, many contractors continue to contract after their license has lapsed, often not completing their projects, without ever intending to pay their fees before the expiration of the one year "grace" period. After expiration, with the license cancelled as a matter of law, the department is left without jurisdiction to proceed to a disciplinary hearing. By limiting the period to sixty days, the Department feels that the potential for consumer fraud will be reduced in this area.

Since contractors with an inactive license are prohibited from engaging in the contracting business during the period of inactivity and do not contribute to the recovery fund, the Department of Regulatory Agencies feels that the recovery fund should not be liable for payment of claims, as in cases against unlicensed contractors.

Your Committee recommends an amendment to include a technical omission from the bill. Such amendment following the word "claimant" on page two (2), line nineteen (19) reads as follows:

"including court costs and fees as set by law, and reasonable attorney fees as determined by the court...."

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 680 as amended herein and recommends that it pass Second Reading in the form attached hereto as H.B. No. 680, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 255 Consumer Protection and Commerce on H. B. No. 229

The purpose of this bill is to increase the penalty provisions of the Hawaii Public Utilities Laws to conform with the penalty provisions of the federal Natural Gas Pipeline Safety Act.

The state has agreed to assist the U.S. Department of Transportation in the enforcement of the Natural Gas Pipeline Safety Act. If certification is received that state enforcement of gas pipeline safety regulations meets federal standards, the State would assume jurisdiction over gas pipeline facilities.

However, because the State's penalty provisions do not comply with those set forth in the federal law, no certification of the state program has been possible. With legislation and the resulting federal certification, the state will be in a position to enforce the gas pipeline safety requirements directly, minimizing duplication between the federal and state agencies.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 229 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 256 Consumer Protection and Commerce on H. B. No. 575

The purpose of this bill is to exempt any loan which is wholly or partially secured or covered by a guarantee or insurance issued by the Federal Housing Administration and the Veteran's Administration from the usury provisions.

This measure is proposed to surmount a major obstacle to the implementation of the Graduated Payment Mortgage Program administered by the Department of Housing and Urban Development (HUD) and available in Hawaii.

Under present law, the program violates the usury law in that the program involves a payment of interest upon interest during the early years of the mortgage. Your Committee agrees that the provisions of this bill would facilitate obtaining home mortgages.

Your Committee recommends an amendment to include mortgage loans insured by the Farmers Home Administration among loans exempted from the provisions of chapter 478. The purpose of this amendment is to include a major source of mortgage loan insurance within this exemption.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H. B. No. 575 as amended herein and recommends that it pass Second Reading in the form attached hereto as H. B. No. 575, H. D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 257 Public Assistance and Human Services on H. R. No. 238

The purpose of this resolution is to request the Congress of the United States to study immigration in the context of population growth.

Your Committee finds that the 1965 amendments to the U.S. Immigration laws have enabled a large number of immigrants to make Hawaii their permanent residence. But while the laws which determine the number of immigrants who enter the United States are set at the federal level, the initiative and cost of providing services to immigrants are borne disproportionately by local governments.

Your Committee on Public Assistance and Human Services concurs with the intent and purpose of H. R. No. 238 and recommends that it be referred to the Committee on State General Planning.

Signed by all members of the Committee.

SCRep. 258 Public Assistance and Human Services on H. B. No. 1132

The purpose of this Bill is to appropriate the sum of \$121,460 to the Welfare Recipients Advisory Council in order to create WRAC branch offices on the islands of Hawaii, Kauai, Lanai, Maui, and Molokai.

Your Committee finds that the Welfare Recipients Advisory Council (WRAC), under the auspices of Palama Settlement, serves as an advocate of welfare recipients on the island of Oahu. WRAC assists the Department of Social Services and Housing (DSSH) in promulgating rules and regulations for its Public Welfare programs by providing feedback reflecting the viewpoint of welfare recipients and other low income groups and individuals. WRAC also assists individual recipients by providing them counseling services and by working with DSSH whenever necessary to alleviate the problems recipients have encountered with Public Welfare programs.

Numerous requests for similar services have been received from neighbor island recipients and WRAC has responded by sending staff member to Kauai, Maui, Hawaii, and Molokai from time to time to attend to the needs of welfare clients there. This arrangement cannot be maintained for long, however, as WRAC has staff and resources sufficient to service Oahu clients only, and has had to draw funds for neighbor island travel from an allocation reserved for evaluation of WRAC by Palama Settlement, its supervising agency.

Testimony from DSSH supports WRAC's expansion to the neighbor islands and pledges cooperation between the Department and WRAC branch offices.

Your Committee is in accord with the intent and purpose of H.B. No. 1132, and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 259 Public Assistance and Human Services on H. B. No. 962

The purpose of this bill is to appropriate the sum of \$430,000 to the Hawaii Office of Economic Opportunity for fiscal years 1977 to 1979 to support the activities of the Community Action Agencies: Hawaii County Economic Opportunity Council, Honolulu Community Action Program, Kauai Economic Opportunity, and Maui Economic Opportunity; private, nonprofit organizations serving poor people of Hawaii.

Monies appropriated by this bill are to be used to defray rising costs of inflation. Since 1973 the average rate of inflationary increase has been 11.5%, but the basic federal grant which funds two essential programs for each Community Action Agency, "Administration" and "General Community Planning", has remained the same for the past 12 years. In order to reduce budgetary pressures the CAAs have in the past five years decreased the number of staff members working in the areas of Administration and General Community Planning and transferred these positions to other federal programs under CAAs which allocate a certain percentage of their funds for administrative or overhead costs. Although these actions have temporarily alleviated budgetary problems, the CAAs again find themselves in a financial bind. The transfer of positions has also proved to be detrimental by limiting the functions and effectiveness of the central administration of the Community Action Agencies. Your Committee finds that these budgetary pressures will force the termination of several activities of the CAAs which have demonstrated their benefits for the people of Hawaii over the years. Testimony from the Department of Social Services and Housing indicated support for the passage of this bill.

Your Committee on Public Assistance and Human Services is in accord with the intent and purpose of H.B. No. 962, and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 260 Public Assistance and Human Services on H. B. No. 878 (Majority)

The purpose of this Act is to permit an indigent person or an indigent person's nearest adult kin to have a free choice of mortuary, crematory, cemetery, and other customary services essential in providing a dignified burial. The Department of Social Services and Housing shall adhere to such preferences and shall bear the cost up to the existing ceiling of \$800 as stated in Act 177, Session Laws of Hawaii 1976.

It is the Committee's intent that this act shall not interfere with the Department's option to contract services through the bidding process when the decedent has no existing family. Furthermore the Department is expected to exercise the appropriate restraints within their authority as outlined by the Department's rules and regulations.

Your Committee recommends that Section 1 of H.B. No. 878 be altered to conform with Act 177, Session Laws of Hawaii 1976. Parts of subsections (b) and (c) which restricted the choice of services available were deleted.

In addition, Section 2 of H.B. No. 878 that is in reference to Section 346-29, Hawaii Revised Statutes, has been deleted on the strength of testimony that the language is not compatible with current federal regulations that read:

"Net income available for current use and currently available resource shall be considered; income and resources are considered available both when actually available and where the applicant or recipient has a legal interest in a liquidated sum and has the legal ability to make such sum available for support and maintenance."

Your Committee on Public Assistance and Human Services is in accord with the intent and purpose of H.B. No. 878, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 878, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee,
(Representatives Narvaes and Sutton did not concur)

SCRep. 261 Public Assistance and Human Services on H. B. No. 961

The purpose of this bill is to create within the Office of the Ombudsman the position of a public assistance referee to investigate complaints regarding public assistance and the Department of Social Services and Housing.

Presently, there are various recourses for recipients, but they involve personnel, paperwork, and expensive litigation, and add up to wasted time and cost.

The Committee notes that the number of complaints received by the Ombudsman concerning the Department of Social Services and Housing is high. In fiscal year 1974-75, more complaints (304) were lodged against DSSH than any other department. In 1975-76, only the Department of Labor and Industrial Relations was the target of more complaints.

The creation of a public assistance referee in the Ombudsman's office would not only save personnel time and legal costs, but would further serve as a focal point for public assistance-related concerns. The bill provides for a semiannual report on complaints relating to public assistance and the Department of Social Services and Housing, and their resolution, to the Legislature.

Your Committee on Public Assistance and Human Services is in accord with the intent and purpose of H.B. No. 961, and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 262 Public Assistance and Human Services on H. B. No. 861

The purpose of this bill is to appropriate from the general fund of the State of Hawaii \$130,000 for fiscal years 1977 to 1979 to continue the operations of the Kalihi-Palama Immigrant Service Center (KPISC).

KPISC is operated by the Palama Interchurch Council, a non-profit organization. It helps immigrants with employment, shelter, education, health, social services, and English.

KPISC was developed from the recommendations of the 1969 Governor's Conference on Immigration dealing with areas where newly arrived immigrants were concentrated. It began as a Model Cities program serving the Model City boundary of Kalihi-Palama. When City Demonstration Agency (Model Cities) monies were terminated, the 1974 legislature continued funding, and services were expanded to central Honolulu in 1975.

Your Committee on Public Assistance and Human Services has heard favorable testimony from several community groups and the Department of Social Services and Housing recommending the continuation of funding for this program. The Committee further recognizes the assessment of the Evaluation Report of the Kalihi-Palama Immigrant Service Center and Related Immigrant Services Projects, Fiscal Year 1975-76, which states:

The KPISC Core Operation has had a highly successful record of servicing first the Kalihi-Palama area and then metropolitan Honolulu. Since the majority of immigrants still settle in Kalihi-Palama the continuation of the Core Operation in the area is indicated. (page 27)

Your Committee on Public Assistance and Human Services is in accord with the intent and purpose of H.B. No. 861, and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 263 Public Assistance and Human Services on H. B. No. 768

The purpose of this bill is to refine the statutory provisions of the Aid to Families with Dependent Children (AFDC) and General Assistance (GA) income maintenance programs to provide more equitable relief to public assistance recipients. Several changes have been made to rectify the current situation, including amendment of the determination of amount of assistance, emergency assistance provisions and general assistance work requirements.

Presently increases in the average weekly wage schedule, as computed by the Department of Labor and Industrial Relations, are used to determine the annual percentage increase in the maximum basic needs allowance for public assistance. Your Committee finds that this index does not adequately respond to changes in consumer prices, and favors the use of the Consumer Price Index as a more direct reflection of the consumer purchasing power of the public assistance grant. The Department of Social Services and Housing in their testimony supported this revision as a more accurate gauge for computation of the annual increases in the basic needs allowance.

Public assistance for emergencies is hampered by difficulties and uncertainties about the actual size of the fund. This act replaces the welfare imprest fund statute with a provision for an emergency fund to provide immediate cash assistance for qualified individuals. Section 346-53(h) further clarifies the scope of emergencies qualifying for immediate aid.

A third significant change in the bill provides for the inclusion of community-based work in the definition of "public work projects" available for GA recipients in fulfilling their Temporary Labor Force (TLF) requirements. Currently, TLF work requirements are satisfied only by certain government jobs, and the Department of Social Services and Housing has testified that although non-governmental organizations have requested work through this program, present statutes preclude such participation. Your Committee feels that this bill will remedy the situation.

Your Committee has amended H.B. No. 768 in the following manner:

- (1) All references to a 50 per cent allowance have been deleted.
- (2) The GA unemployment qualification (page 6, line 10) has been left intact on the advice of the DSSH.
- (3) Section 4 has been deleted because an appropriation is unnecessary to implement the amended act, and subsequent sections have been renumbered for consistency.
- (4) For clarity, the phrase "latest available" has been added before "Consumer Price Index", and ", but are not required, to", in reference to community organizations' participation in TLF, has been deleted.

Your Committee on Public Assistance and Human Services is in accord with the intent and purpose of H.B. No. 768, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 768, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 264 Agriculture on H. R. No. 316

The purpose of this resolution is to request all appropriate state and federal agencies and departments to intervene with the Civil Aeronautics Board to reduce the current air freight rates charged by domestic airline carriers for the shipment of flowers grown in Hawaii.

Your Committee finds the perishability of flowers dictates they be shipped by air to all overseas markets and also within the state. Present overseas and interisland freight rates are high and act as a deterrent to the development of the flower industry

to its fullest potential.

Your Committee has amended the title to conform to the intent of the resolution.

Your Committee on Agriculture concurs with the intent and purpose of H.R. No. 316 and recommends its adoption in the form attached hereto as H.R. 316, H.D. 1.

Signed by all members of the Committee.

SCRep. 265 Agriculture on H.C. R. No. 35

The purpose of this resolution is to request all appropriate state and federal agencies and departments and the Hawaii Congressional delegation to intervene with the Civil Aeronautics Board to reduce the current air freight rates charged by domestic airline carriers for the shipment of flowers grown in Hawaii.

Your Committee finds the perishability of flowers dictates they be shipped by air to all overseas markets and also within the State. Present overseas and interisland air freight rates are high and act as a deterrent to the development of the flower industry to its fullest potential.

Your Committee has amended the title to conform to the intent of the resolution.

Your Committee on Agriculture concurs with the intent and purpose of H.C.R. No. 35, as amended herein, and recommends its adoption in the form attached hereto as H.C.R. No. 35, H.D. 1.

Signed by all members of the Committee.

SCRep. 266 Judiciary on H. B. No. 43

The purpose of this bill is to keep the level of accessibility to small claims courts, by consumers, the same as when those courts were established. This Act increases the jurisdictional limit of the small claims division of the district courts from \$300 to \$1,000, prohibits attorneys from these claims, and provide a means for the determination of reasonable terms of payment by the person against whom the judgment has been entered.

Under the present law, the jurisdictional limitation for action in the small claims court is \$300 with the exception of cases involving security deposits under the Landlord-Tenant Code, and counterclaims under section 633-30, Hawaii Revised Statutes.

Your Committee found that due to the inflationary trend complaints have been exceeding the \$300 jurisdictional limit and consumers have found that their forum of grievances was the district courts and not the small claims court. This resulted in increased expenses for the consumers. The Office of Consumer Protection testified that the jurisdictional limitation of the small claims court should be raised to \$1,000 to meet the inflationary trend of our economy.

Your Committee amended this Act by deleting the section which prohibited licensed practitioners from appearing before the court. Your Committee felt that the right to an attorney is so basic to our system of justice that the decision should be left to the individual as to whether he wants to be represented by an attorney.

Your Committee further amended this Act by renumbering the remaining sections for the purposes of consistency.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 43, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 43, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all the members of the Committee except Representative Fong.

SCRep. 267 Finance on H. B. No. 1292

The purpose of this bill is to authorize changes in the funding designation of certain capital improvement project authorizations contained in Acts 195 and 197, Session Laws of Hawaii 1975, as amended, from general revenue fund source to general obligation bond fund source. The funding changes recommended in this bill will make available \$28,362,000 in general revenue fund.

Your Committee has amended section 3 of the bill to reflect a funding change in the amount of \$8,181,000 for the Correctional Facilities project. This will provide funding for the construction of Module "C" at the High Security Facility and Modules 17, 18, and 19 of the Oahu ISC/CCC.

The allowable general obligation bond fund margin at July 1, 1977 is \$349.5 million. General obligation bond fund authorizations of the Executive and Judiciary CIP budgets for the next fiscal biennium amount to \$218.5 million. The additional general obligation bond fund authorization of \$28,362,000 proposed in this bill is well within the limits of the available debt margin.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 1292, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1292, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 268 Finance on H. B. No. 12

The purpose of this bill is to provide a lapsing provision for certain prior years appropriations that lack provisions for the lapsing of unexpended or unrequired balances.

Your Committee finds that from such prior appropriations, there remain appropriations and appropriation balances which are unencumbered. The existence of these pending appropriations obscures the true fund balance of the State general fund, especially in those instances where the purposes of the acts have been accomplished.

The bill has been amended to identify the specific acts to which the lapsing provision shall apply.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 12, as amended herein, and recommends that it be recommitted to the Committee on Finance in the form attached hereto as H.B. No. 12, H.D. 1.

Signed by all members of the Committee except Representative Larsen.

SCRep. 269 Housing on H. B. No. 1671

The purpose of this bill, as amended, is to expedite the administration of the State Mortgage Guarantee Program through the amendment of certain administrative steps and procedures of the Hawaii Housing Authority and the Department of Budget and Finance.

The first such amendment connects the guarantee of the top 25% of the mortgage loan to a certain sum so as to be able to determine when the State's guarantee discontinues to be a contingent liability on the particular mortgage loan. Although there is no express language which terminates the guarantee liability of the State, it is the intent of this amendment to enable the Director of Finance through its guarantee agreement to have the State's contingent liability released so as to be able to move to a new mortgage loan for guaranteeing purposes. Without the language here being discussed, it appears that the mortgage guarantee on the "principle balance of the real property mortgage loan" would require the Director of Finance to continue the guarantee arrangement on the mortgage loan until it is fully paid up. Such a result would clearly be contrary to the State's effort of facilitating homeownership by the people of Hawaii.

The removal of the word "mortgage" in subsection (a) as it relates to the Hawaiian Homes Commission is necessary in view of the fact that "mortgage loans" are not authorized on Hawaiian Home lands.

The amendment proposed in subsection (d) is intended to authorize the utilization of the personnel of private-lending institutions in processing applications for mortgage loans. The standards, however, for such processing by the private segment will be under the standards as established by the Hawaii Housing Authority.

The deletion of the present subsection (g) is intended to result in the efficient and expeditious operation of the mortgage guarantee program.

A new subsection (j) has been added with the intent of expressly setting forth the manner in which the net proceeds from a foreclosure sale would be applied with respect to the balance of the mortgage loan.

Upon consideration of this bill, your Committee has amended the language in subsection (a) for purposes of clarification without substantive change.

Further, your Committee has decided not to increase the mortgage guarantee limit from the present \$10,000,000 to \$20,000,000 (page 2, lines 1 and 2).

Your Committee on Housing is in accord with the intent and purpose of H.B. No. 1671, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1671, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Ueoka.

SCRep. 270 Housing on H. B. No. 1678

The purpose of this bill is to make improvements in various aspects of the State Home Renovation and Rehabilitation Program established by Act 178, Session Laws of Hawaii 1976.

This bill authorizes the Hawaii Housing Authority to utilize participation loans in conjunction with housing rehabilitation and renovation efforts. Your Committee feels that the usage of participation loans will "increase" the total amount available without drawing upon limited State financial resources. In this way, the amount appropriated to this program will have a multiplying effect through the use of resources from the private sector.

Additionally, this measure proposes to ease the plight of the elderly faced with deteriorating dwelling units which the Statewide Housing Study (Daly and Associates, January 1977) makes specific reference to. Certain exemptions would be provided to a borrower who is aged 55 years or older and who is making a loan of \$3,500 or less. Specifically, these exemptions include submittal of plans and specifications; performance of work under licensed supervision; and execution of a mortgage securing the loan. Instead, loans made to these elderly would require the following: a written statement, cost estimate, and evidence of a building permit; inspection of the premises by the Authority before and after renovation work (a \$50 fee may be deductible from the loan); and provision to the Authority of a chattel mortgage on personal property.

Furthermore, any fees charged for counseling services may be included as part of a home rehabilitation or renovation loan.

Other technical amendments have been made without substantial change to program intent or purpose.

Your Committee on Housing is in accord with the intent and purpose of H.B. No. 1678 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 271 Housing on H. B. No. 1672

The purpose of this bill is to authorize the Hawaii Housing Authority to establish a program of mortgage-backed securities.

This bill will directly authorize the Authority and indirectly (through the Authority) the Department of Hawaiian Homes Lands (DHHL) to establish a program of mortgage

backed or "pass through" securities to stimulate institutional investor interest in purchasing the mortgage loans or loans for home buyers, housing projects sponsored by the aforementioned State agencies. This expanding potential source of funds has previously been unavailable due to the complexity of financial and mortgage analysis needed to make sound business investments by institutional investors, such as retirement systems, who prefer securities instead of mortgages.

With this financing instrument available to a broad local and national market, it will be possible to import dollars into Hawaii to make home loans. Your Committee expects that this will attract mortgage funds from pension funds, insurance companies and other financial institutions who ordinarily do not invest in mortgages. It is anticipated that this instrument will lower the cost of conventional mortgage credit, broaden the market for mortgages and make more mortgage money available even in tight-money periods.

Mortgage-backed or "pass through" securities are a feasible and viable method to attract "new" money to government sponsored housing projects. The "pass through" securities concept was created in the late 1960's and sponsored by the Government National Mortgage Association (GNMA). These GNMA securities are applicable to pools of government insured Federal Housing Administration loans with payments to the investor backed by "the full faith and credit of the United States". To date, the GNMA program has delivered more than \$30 billion of such securities to institutional and other investors.

Under the provisions of this bill, the Authority may issue trust certificates or other securities backed by pools of existing conventional mortgages, provided that the total amount of such mortgages not exceed \$8,500,000, in the case of the Authority, and \$6,500,000, in the case of DHHL. Of the amount authorized to DHHL, notes of the DHHL presently held by Authority may be included. All pooled mortgages and loans are to be guaranteed under the State Mortgage Guarantee program (top 25% of Authority mortgages and up to 100% of DHHL loans) or by private mortgage insurers. Furthermore, "the full faith and credit" of the State is pledged to guarantee the timely payment of principal and interest on the trust certificates or securities held by the investor.

This "process" is referred to as a "fully modified pass-through security", in which principal and interest on the mortgages are paid, or passed through to investors as monthly mortgage payments are collected or come due. The certificate or security holder receives monthly principal payments as determined by the amortization schedule of the mortgage pool and interest on the unpaid principal balance at a fixed rate.

Upon consideration of the original form of this bill, your Committee has decided that the total amount of such mortgages shall not exceed \$8,500,000 in the case of the Authority and \$6,500,000 in the case of the Department of Hawaiian Home Lands. The total amount of trust certificates or other securities issued pursuant to this section has therefore also been accordingly lowered to an amount not to exceed \$15,000,000.

Your Committee on Housing is in accord with the intent and purpose of H.B. No. 1672, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1672, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Ueoka.

SCRep. 272 Housing on H. B. No. 1674 (Majority)

The purpose of this bill is to clarify the exemption of housing developed by the Hawaii Housing Authority from county park dedication ordinances.

Your Committee feels that current county park dedication ordinances are often prohibitive in the delivery of low cost housing as mandated by Chapter 359G, Hawaii Revised Statutes. If the Authority were to strictly adhere to the requirements of the counties, unit sales prices would have to be increased thereby reducing the number of families able to purchase their own home.

Your Committee further feels that strict adherence to said ordinances would be impractical in certain development projects, such as high rise condominiums for the elderly. In these instances, moneys could instead be more practicably spent on developing recreational facilities or community halls within the buildings.

It is not your Committee's intent that the Authority be exempt from providing park lands in instances where open and green spaces would be required to assure sufficient recreational areas for the residents. Rather, it is your Committee's intent to allow the Authority to have the flexibility in determining this need.

Your Committee on Housing is in accord with the intent and purpose of H.B. No. 1674 and recommends that it pass Second Reading and be referred to the Committee on Water, Land Use Development and Hawaiian Homes.

Signed by all members of the Committee.
(Representatives Narvaes and Sutton did not concur)

SCRep. 273 Housing on H. B. No. 1258

The purpose of this bill is to exempt real property owned and occupied by any person of lower and moderate income from real property taxes for a period of five (5) years from date of purchase.

Your Committee feels that this measure will benefit the purchaser by "increasing" his disposable income during the first five years of his tenancy. It is therefore conceivable that families who presently cannot qualify for a mortgage loan, yet expect to increase their income in future years, may purchase a home now instead of at the time their incomes make them eligible. Your Committee also feels that the lost tax revenues would be made up by increased sales and construction due to increased demand. Furthermore, this proposed property tax abatement has been deemed by the Statewide Housing Plan (Daly and Associates, January 1977) as one of the most cost effective programs.

Your Committee on Housing is in accord with the intent and purpose of H.B. No. 1258 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 274 Housing on H. B. No. 1680 (Majority)

The purpose of this bill is to clarify the amount authorized to the Dwelling Unit Revolving Fund established in Section 359G-10, Hawaii Revised Statutes.

Act 225, SLH 1976, substantially amended Chapter 359G and combined all bond authorizations into one section. However, a previous appropriation of \$20,000,000 made in 1975, inadvertently escaped amendment, thereby causing an item veto by the Governor. The \$125 million specified was therefore reduced to \$105 million because the \$20 million authorization in 1975 continued to be in effect. Had the Governor not vetoed this item, the bond authorization limit would have been raised to \$145,000,000. This "housekeeping" measure therefore seeks to repeal the \$20,000,000 authorized in 1975 and restore the \$125,000,000 bond authorization limit.

Your Committee on Housing is in accord with the intent and purpose of H.B. No. 1680 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.
(Representative Sutton did not concur)

SCRep. 275 Housing on H. B. No. 1681

The purpose of this bill is to authorize the Hawaii Housing Authority to increase its annual expenditures from \$100,000 to \$250,000 for the research and development of innovative techniques.

It is the intent of your Committee that the Hawaii Housing Authority use the increased appropriation for the development of innovative techniques and systems for energy conservation in housing units and projects. Your Committee feels that the development of exemplary projects, such as the Hawaiian Energy House, sponsored by the Authority in cooperation with the department of Architecture, Engineering and Tropical Agriculture of the University of Hawaii, should be fostered, expanded in scope and otherwise further developed.

Your Committee finds that some aspects of energy conservation for Hawaii's homes are readily identified such as increased use of solar and wind energy. However, lowering

the cost of these energy-conserving techniques to make them affordable to Hawaii's families requires additional research and demonstration. This measure will provide the authorization, direction and funding to expand the activity of the Authority in developing and demonstrating feasible energy conservation for Hawaii's residents.

Upon consideration of this bill, your Committee has deleted the underscored portion of lines 13-16.

Your Committee on Housing is in accord with the intent and purpose of H.B. No. 1681, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1681, H.D. 1 and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 276 Housing on H. B. No. 1256

The purpose of this bill is to grant general excise tax exemptions to developers and contractors who sell their dwelling units to persons of lower or moderate incomes.

Your Committee feels that such a measure would enable the developer to pass this cost reduction on to the purchaser, and would thus make available more housing for low and moderate income groups.

This program is currently being used where the Hawaii Housing Authority acts as developer, either by itself or in conjunction with a county or private sector partner. The Authority has found that this program has been effective in keeping sales prices down, and it sees no problem if this exemption is granted to developers who choose not to participate with the Authority in the development of low-cost housing.

Your Committee believes that in following this route, the State will forego tax revenues on the one hand, but will recoup at least part of these revenues from income taxes and the multiplier effect. It is assumed that this tax incentive will promote the construction of new housing and may create new jobs. Moreover, this program is designated in the Statewide Housing Plan (Daly and Associates, January 1977) as one of the most cost effective programs.

During a public hearing held by your Committee, the Department of Taxation testified that they are not opposed to this measure.

Your Committee on Housing is in accord with the intent and purpose of H.B. No. 1256 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 277 Housing on H. B. No. 941

The purpose of this bill, as amended, is to expand the provisions of the State's housing development program through the development of basic or minimum houses.

In past years traditional housing subsidy programs have focused on the provision of housing to residents in the low-income group category. Your Committee finds, however, that housing programs must also be focused toward residents in a second need category who have recently been identified as possibly requiring some form of government assistance in order to achieve their housing expectations. This category is known as the "gap group" because, in terms of income, these people fall into a gap between the upper income limits of traditional housing subsidy programs and the minimum income required to purchase a home with conventional financing. Moreover, in many cases, their incomes have not been keeping pace with the rapid increase in homeownership costs during recent years.

The need to provide assistance to these residents in the gap group is reaffirmed in the recently prepared State Housing Study (Daly and Associates, January 1977) which concludes that "a major focus of the State's housing program should be on those gap group families who will not be able to achieve homeownership in the near future without government assistance."

Your Committee feels that one approach to meeting the needs of the gap group would be to make housing available which is affordable at the present time and to which can be added new additions as the incomes of the group increase. Your Committee further feels that in order to make affordable housing more available, the State must consider the development of basic or minimum houses. These substantially completed "shell" homes would meet minimum standards of habitability and would be designed to provide only the basic components of a home. They would also be designed to allow for added amenities, furnishings and other home improvements as the incomes of the owners increase over a period of time. Your Committee further feels that by giving residents the flexibility of finishing the homes according to their own preferences and tastes, the overall result would be increased pride when the units are completed.

The benefits which the Hawaii Housing Authority will derive are related to the relationship of financing and production. By selling partially completed units, funds will not be tied up as long as conventional housing and would be in a much smaller amount. It will then be possible to reuse the funds, after purchase, for a much greater number of families.

It is your Committees intent that moneys appropriated be used to fund an initial project, including research on any cost-saving materials and innovative development techniques.

Your Committee on Housing is in accord with the intent and purpose of H.B. No. 941, as amended herein, and recommends that it pass Second Reading in the form attached hereto has H.B. No. 941, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 278 Housing on H. B. No. 1144

The purpose of this bill is to require the counties to hold a public hearing and to receive the approval of the respective councils prior to the designation of any lands for both low-income and experimental and demonstration housing projects.

Your Committee feels that both the public sector and the respective county councils should be allowed to have an input in the designation of areas for these types of projects.

Upon consideration of this bill, your Committee has made several technical, non-substantive amendments.

Your Committee on Housing is in accord with the intent and purpose of H.B. No. 1144, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1144, H.D. 1, and be referred to the Committee on State General Planning.

Signed by all members of the Committee.

SCRep. 279 State General Planning and Employment Opportunities and Labor Relations on H. B. No. 1357

The purpose of this bill is to appropriate funds for the establishment of an information program under the department of planning and economic development. Such a program would be developed to discourage in-migration from other states.

Your Committee believes that Hawaii's population growth has reached the level at which State government should be concerned over its economic, social and cultural impact on the quality of life of Hawaii's residents. Your Committee feels that Hawaii's population should remain at the level at which the State can provide adequate services and accommodate the needs of its citizens. To accomplish this, the State's efforts must be directed to controlling the number of incoming persons.

In view of the State's dim economic outlook with an accompanying high rate of unemployment, your Committee has recommended that \$50,000 be appropriated for the establishment of an information program developed to discourage in-migration from other states. Your Committee has amended the expending agency from the department of planning and economic development to the commission on population and the Hawaiian future

because under section 224-4, Hawaii Revised Statutes, the commission is charged with the responsibility of developing means of influencing the population of the State. Your Committee has also amended the bill to include a purpose section to express the value of such a program.

Your Committee on State General Planning and your Committee on Employment Opportunities and Labor Relations is in accord with the intent and purpose of H.B. No. 1357, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1357, H.D. 1 and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Stanley.

SCRep. 280 Higher Education on H. B. No. 1337

The purpose of this bill is to appropriate funds to assure the continued operation of the Waianae-Nanakuli Education Center.

The Waianae-Nanakuli Education Center is an ongoing program which provides a learning environment for adults in the community who seek to upgrade their proficiency in basic education for upward mobility and which is being transferred from the Governor's Office to Leeward Community College. Your Committee is aware that funds for the operation of this Center have been included in the Executive Budget; however, the intent of this bill is to express support for this program and to insure that funding is continued.

This bill has been amended by deleting on line 5, the word "nine" and replacing it with "necessary" since your Committee feels that Leeward Community College should have the flexibility of determining the number of necessary positions required for the operation of the Center.

Your Committee on Higher Education is in accord with the intent and purpose of H.B. No. 1337, as amended herein, and recommends that it pass Second Reading and be referred to the Committee on Finance in the form attached hereto as H.B. No. 1337, H.D. 1.

Signed by all members of the Committee except Representative Stanley.

SCRep. 281 Higher Education on H. B. No. 1336

The purpose of this bill is to appropriate funds to assure the continued operation of the Kalihi-Palama Education Center.

The Kalihi-Palama Education Center is an ongoing program which provides a learning environment for the adults in the community who seek to upgrade their proficiency in basic education for upward mobility and which is being transferred from the Governor's Office to Honolulu Community College. Your Committee is aware that funds for the operation of this Center have been included in the Executive Budget; however, the intent of this bill is to express support for this program and to insure that funding is continued.

Your Committee on Higher Education is in accord with the intent and purpose of H.B. No. 1336 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Stanley.

SCRep. 282 Higher Education on H. B. No. 1332

The purpose of this bill is to appropriate funds to assure the continuation of the Hawaiian Studies Program at the University of Hawaii at Manoa, Oahu.

Hawaiian Studies offers students a unique opportunity to study Hawaiian culture and achieve competence in the Hawaiian language. This curricula within the Liberal Studies program prepares students for further study, research or employment in various fields and has enhanced ethnic identity and pride among Hawaiians.

Your Committee finds that the University of Hawaii is committed to the development of Hawaiian studies and will fund the program within the final budget allocation which Manoa receives. However, although funds for this program have been included in

the Executive budget, your Committee would like to express its support for the Hawaiian Studies Program through this bill to further insure that funding will be continued.

Your Committee on Higher Education is in accord with the intent and purpose of H.B. No. 1332 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Stanley.

SCRep. 283 Higher Education on H. B. No. 1334

The purpose of this bill is to appropriate funds to assure the continuation of the Operation Manong Program at the University of Hawaii at Manoa, Oahu.

Operation Manong is a program designed to provide students with training, supervised research, and community practicum in the area of crosscultural relations, bilingual/bicultural education and tutorial techniques to assist school age children. By serving as tutors, the students gain community-based learning relating to the education of immigrant youths. This project also encourages participation of local youths and immigrant youths in joint activities.

Your Committee is aware that funds have been included in the Executive budget for this program. However, your Committee would like to express its support for the Operation Manong Program through this bill to further insure that funding will be continued.

Your Committee on Higher Education is in accord with the intent and purpose of H.B. No. 1334 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Stanley.

SCRep. 284 Higher Education on H. B. No. 1333

The purpose of this bill is to appropriate funds to assure the continuation of the Philippine Studies Program at the University of Hawaii at Manoa, Oahu.

The Philippine Studies option is an inter-disciplinary undergraduate academic program which provides a Philippine focus for Asian Studies and Liberal Studies majors and for other undergraduate students.

Your Committee finds that the University of Hawaii at Manoa is committed to the continuation of Philippine studies as it is a part of the University's selective excellence in Asian and Pacific studies and that the University will fund the program within the final budget allocation which Manoa receives. However, although funds for this program have been included in the Executive budget, your Committee would like to express its support for the Philippine Studies Program through this bill to further insure that funding will be continued.

Your Committee on Higher Education is in accord with the intent and purpose of H.B. No. 1333 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Stanley.

SCRep. 285 Higher Education on H. B. No. 1087

The purpose of this bill is to provide for necessary funds for the expansion of the research facilities of the Maui Branch Station of the Hawaii Agricultural Experiment Station at Kula, Maui.

Presently, the Maui Branch Station facility is sorely inadequate to house both its continuing programs and new pathology program. To provide laboratory and office space for the pathologist, the Station resorted to using the hallways and a back porch.

Your Committee finds that, in order to improve the efficiency and coordination of

agricultural research on Maui, adequate facilities must be provided. Therefore, your Committee has amended this bill by adding the figure of \$300,000 for the purpose of this bill. Minor technical amendments have also been made to this bill.

Your Committee on Higher Education is in accord with the intent and purpose of H.B. No. 1087, as amended herein, and recommends that it pass Second Reading and be referred to the Committee on Finance in the form hereto attached as H.B. No. 1087, H.D. 1.

Signed by all members of the Committee except Representative Stanley.

SCRep. 286 Higher Education on H. B. No. 1263

The purpose of this bill is to provide funds for the restoration of a 4-H Development Agent position for Maui County.

The County of Maui previously had two agents to service the volunteer leaders and youth in the Maui 4-H Youth Development Program. However, when one position was vacated on August 6, 1971, the position was frozen and subsequently abolished in 1973.

Your Committee believes that in order to stimulate growth in our agricultural industry it is important that our youth be exposed to agriculture in a positive manner as provided through the 4-H Youth Development Program.

Your Committee is in accord with the intent and purpose of H.B. No. 1263 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Stanley.

SCRep. 287 Higher Education on H. B. No. 1183

The purpose of this bill is to authorize the University of Hawaii to establish a centralized duplicating revolving fund in order to promote efficiency and economy in the operations of its essential, but high cost, duplicating and photocopying services.

In its testimony before your Committee, the University noted that the revolving fund would promote efficiency and economy by enabling closer centralized controls and accounting for duplicating and photocopying materials and labor, including supervision, and by creating cost consciousness among user departments which would be charged for requested services.

The establishment of this revolving fund requires no additional appropriations since the initial working capital will come from the duplicating and photocopying budget already reflected within the 1977-79 Executive Budget appropriation request for the University.

Your Committee is in accord with the intent and purpose of H.B. No. 1183 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Stanley.

SCRep. 288 Higher Education on H. B. No. 974

The purpose of this bill is to provide funds for the restoration of a secretarial position for the Molokai Cooperative Extension Service Office.

Late in 1971, when the incumbent stenographer resigned, the position was frozen and subsequently deleted from the University of Hawaii budget. Consequently, the two faculty members in the Molokai Cooperative Extension Service Office have had to perform clerical functions at the expense of providing adequate professional services to their clients.

Your Committee believes that since the phasing out of the pineapple industry on Molokai, the services provided by the Molokai Cooperative Extension Service Office is more crucial to the development of the agricultural industry and the economic stability of Molokai.

This bill has, therefore, been amended to increase the appropriation amount to \$18,000 since the \$10,000 indicated in the bill is not sufficient to provide for the necessary salary of the secretary and to include funds for related operational expenses.

Your Committee is in accord with the intent and purpose of H.B. No. 974, as amended herein, and recommends that it pass Second Reading and be referred to the Committee on Finance in the form attached hereto as H.B. No. 974, H.D. 1.

Signed by all members of the Committee except Representative Stanley.

SCRep. 289 Higher Education on H. B. No. 1185

The purpose of this bill is to provide funds for the hiring of necessary staff for a vegetable production research program at the Maui Agricultural Research Station in Kula.

Your Committee finds that, although Maui produces about 3.5 million dollars worth of vegetables annually, the volume could increase substantially if a vegetable production research program is established to provide Maui farmers with new techniques to increase production.

Your Committee has amended this bill by changing the dollar amount to \$70,000 and by providing that the expenditure of funds will include operational expenses. A minor technical amendment in the purpose section has also been made.

Your Committee on Higher Education is in accord with the purpose and intent of H.B. No. 1185, as amended herein, and recommends that it pass Second Reading and be referred to the Committee on Finance in the form attached hereto as H.B. No. 1185, H.D. 1.

Signed by all members of the Committee except Representative Stanley.

SCRep. 290 Higher Education on H. B. No. 1159

The purpose of this bill is to provide funds to enable students at the seven community colleges to participate equally in the intercampus athletic program for the 1977-79 biennium.

In 1974 the Legislature appropriated \$50,000 to implement a state-wide intercampus athletic program for the 1974-75 academic year. Since then, participation in this program is dependent upon funds generated from student activity fees at each community college.

Your Committee is aware that a community college with a small enrollment collects less fees which limits its participation in athletic competition.

Your Committee on Higher Education is in accord with the intent and purpose of H.B. No. 1159 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Stanley.

SCRep. 291 Housing on H. B. No. 1679

The purpose of this bill is to amend various provisions of Chapters 359 and 359G, Hawaii Revised Statutes, so that administration of the State housing program may be facilitated.

This "housekeeping" measure contains the following amendments:

1. Eliminates redundancy in Part III, Section 359- of section 1, Act 224, SLH 1976.
2. Clarifies that the administrative or other costs or expense incurred by the Authority in the development and construction of elderly housing will not be part of the interim construction loan amount.
3. Reaffirms and clarifies statutory provisions relative to cooperative agreements entered into by the Authority with the counties and other governmental agencies (elderly housing).
4. Amends reference of "declarant alien" to "resident alien", the term used by the

United States Department of Immigration.

5. Clarifies when the profit from a development constructed under Chapter 359G may be paid and to specify that such profit shall be based on the actual cost to the developer and not any portion subsidized by the State.

6. Amends Section 359G-12, HRS, to conform to accepted statutory drafting language.

7. Amends Section 359G-25, HRS, to conform with other similar sections so amended by Act 225, SLH 1976.

Upon consideration of this bill, your Committee has also amended Section 359G-8(e), HRS, for the same reason set forth in #7 above.

Your Committee on Housing is in accord with the intent and purpose of H.B. No. 1679, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1679, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 292 Agriculture on H. B. No. 107

The purpose of this bill is to support the production and marketing of Hawaiian agricultural commodities, specifically papayas, anthuriums and other cut flowers, and ornamental foliage. These commodities have contributed significantly to Hawaii's economic stability and hold exceptional potential for further growth.

In 1976, your Committee on Agriculture sponsored three workshops to identify specific areas of agricultural potential in Hawaii, to set priorities among the various growth potentials identified, and to determine resources needed and guidelines for appropriate legislative action to implement the priorities. The workshops, which included administrators, program leaders, researchers and specialists from state agencies and representatives of various agricultural organizations, identified papayas, anthuriums and other cut flowers, and ornamental foliage as priority agricultural commodities in great need of support in the areas of transportation, market organization, development and research. Unfortunately, none of the \$924,000 appropriated by the legislature for the 1976-77 fiscal year has been released.

Your Committee on Agriculture believes that the papaya, anthurium and other cut flowers, and ornamental foliage industries have vast potentials for development in Hawaii and can contribute greatly to Hawaii's economic stability if immediate action is taken to support them. To contribute to the research, development and promotion of these industries, your Committee has amended Section 1 to read as follows:

SECTION 1. There is appropriated out of the general revenues of the State of Hawaii the sum of \$1,900,000, or so much thereof as may be necessary, to support the production and marketing of Hawaiian agricultural commodities.

Your Committee has also amended Section 2 to read as follows:

SECTION 2. The sum appropriated shall be expended by the governor's agriculture coordinating committee for the purposes of this Act, including the contracting of services by private or public agencies.

Your Committee on Agriculture is in accord with the intent and purpose of H.B. No. 107, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 107, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 293 Agriculture on H. B. No. 106

The purpose of this bill is to provide the requisite governmental support including financial assistance to strengthen and revitalize the transportation systems for Hawaiian agricultural commodities. The realization of the need for a comprehensive and integrated transportation system as the key to the survival of Hawaii diversified agriculture

has come into increasingly sharper focus over the past several years. In 1976, your Committee conducted three workshops on agricultural commodities. Major concerns over transportation problems repeatedly surfaced during the course of these workshops. The computerized inputs of the 70 to 80 industry and government representatives at each workshop strongly indicate that solutions to the transportation problems are critical to the survival and orderly growth of Hawaii's diversified agriculture.

This year on January 6-7 your Committee, in a joint effort with your Committee on Energy and Transportation, conducted a workshop to:

- (1) obtain and share information about the legal and regulatory factors affecting marine and air carriers servicing Hawaii;
- (2) identify issues and problems in the transportation of agricultural commodities; and
- (3) recommend ways to overcome existing problems through legislation, cooperative action and other appropriate measures. Approximately 80 industry and government representatives participated in this two-day workshop. The discussions on problems and suggested solutions indicate that a comprehensive study is needed to improve Hawaii's transportation system for agricultural commodities.

Your Committee is concerned about the total transportation system for agricultural products which includes packaging, packing or containerization, product treatment, storage, cargo consolidation, load and unloading and handling at destination. The system includes shipping point facilities at our neighbor islands and movement by air and water to Honolulu and to major overseas destinations. The system should be adequate and flexible to provide for efficient and timely handling of raw and processed farm products.

Your Committee looks upon the inter-island movement of people and cargo as an extension of our highway system and, as such, the cost of improvements and facilities should be borne by the State and the Federal government. In addition, operational costs may be subsidized by the State.

Your Committee believes that a centralized clearing house to pool and coordinate cargo shipments should be given high priority consideration. Currently, only two locations can support such a facility--Honolulu and Hilo. Higher consideration should be given Honolulu because it is the hub of the state's transportation system. Honolulu International Airport averages seventy daily overseas flights versus Hilo's five. Although Hilo's overseas air shipment of agricultural perishables is greater than Honolulu, it's total air cargo is much less. The initial increment of Hilo's facility may be a plant to service current and immediate future needs.

To maximize air shipments of perishables, it will be necessary to pool or consolidate agricultural shipments with non-perishables or any other air cargo designated for the same destination.

In consonance with the shipping point clearing house, your Committee believes that a similar facility will be needed at major overseas market centers for all diversified Hawaiian products. These facilities could be the assembly points for further distribution to brokers, wholesalers and retailers throughout the region serviced by the center.

Your Committee has amended Section 3 to read as follows:

SECTION 3. There is appropriated out of the general revenues of the State of Hawaii the sum of \$150,000, or so much thereof as may be necessary for the purposes of this Act, including a study of the transportation system for Hawaiian agricultural commodities and the development of recommendations for the system's improvement.

Your Committee has amended Section 4 to read as follows:

SECTION 4. The sum appropriated shall be expended by the governor's agriculture coordinating committee.

Your Committee on Agriculture is in accord with the intent and purpose of H.B. No. 106, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 106, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 294 Consumer Protection and Commerce on H. B. No. 565 (Majority)

The purpose of this bill is to create a board of behavioral science examiners with the power to examine, license, and discipline psychotherapy practitioners such as clinical social workers, marriage and family counselors, and mental health psychiatric nurses.

When a consumer seeks treatment in the private sector by such psychotherapists, he has no way of knowing who, among those advertised, are qualified by appropriate education and experience to fulfill his expectations. It is possible for an untrained or inadequately trained psychotherapist to perpetrate irreparable damage to a distraught consumer without the expertise to judge the quality of therapy administered.

In addition, absence of legal regulation makes it difficult to find, investigate, and prosecute fraudulent psychotherapists and to correct abuses in the field.

Besides the issue of consumer protection, testimony of various organizations indicated that licensing of these types of psychotherapists would benefit the community in three other ways: (1) regulation would afford the consumer the greatest freedom of choice in terms of type of therapist as well as price range; (2) services by these types of mental health professionals would eventually be covered by insurance; and (3) the potential dispersion of affordable mental health services to rural areas where they are seriously needed.

Your Committee has made several amendments to the bill to strengthen the powers of the board. Section 3(5), section -3(8), section -3(9), section -9 has been amended to give the board the additional sanction of placing a licensee on disciplinary probation. Your Committee believes that this added power would be a useful disciplinary alternative when the violation does not merit a denial, revocation or suspension of license.

Your Committee has further amended the bill by detailing in greater specificity the grounds upon which the board may deny, suspend, revoke a license or place a psychotherapist on disciplinary probation. The additional violations specified in section -9 include: (1) employment of the licensee of persons to solicit clients; (2) unethical conduct; (3) betrayal of a professional confidence; (4) questionable therapeutic practices as determined by the board; (5) deceptive or fraudulent advertising.

Your Committee also amended section -4 to include as a condition of licensing that a person have not less than three thousand hours of experience after obtaining a doctoral degree as well as a masters degree. In the original form of the bill, the requirement provided for not less than three thousand hours of experience after obtaining a masters degree, and this amendment would correct the omission of the "doctoral degree".

Your Committee also amended Section -5 to be titled: "Practice and use of terms, initials" whereas in the original form of the bill, it read: Use of terms, initials. The language in this section was amended for purposes of clarity.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 565, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 565, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.
(Representative Blair did not concur).

SCRep. 295 Consumer Protection and Commerce on H. B. NO. 230

The purpose of this bill is to provide limited insurance protection for public investors in industrial loan companies. The bill requires the establishment of the "Thrift Guaranty Corporation of Hawaii" a private institution which will guarantee thrift accounts in these companies up to \$10,000. Under the bill all industrial loan companies which have outstanding public thrift accounts are required to become members of the Guaranty Corporation and to pay assessments to a Guaranty Fund. The Guaranty Corporation which is subject to the regulation of the bank examiner is given authority to make payments to thrift account holders and to take other actions necessary to avoid public loss.

Your Committee finds that industrial loan companies occupy a significant position

in the financial market place. From 1969 through 1974, public investment in these companies quadrupled. They presently have over 130,000 individual accounts. As of June, 1976, outstanding thrift accounts totaled \$450,285,853 or 13 percent of total savings in the State. Despite their size and the fact that they operate basically in the same manner as banks and savings and loan associations, until recently investors in these companies have not been afforded any of the protections long applicable to other financial institutions. Prior to the passage of Act 103 last session, the only substantive statutory requirements were that public investment not exceed ten times capital and that a 4 percent cash or security reserve be maintained. Act 103 instituted badly needed controls by (1) increasing the cash or security reserve; (2) limiting insider transactions; (3) limiting loans and investments involving a single obligor; (4) requiring collateral for certain loans; and (5) placing increased responsibilities on management to protect investors. The Act, however, can only have a prospective effect and cannot solve present problems resulting from loan transactions made over past years. Further measures are necessary for that. Act 103 took a large first step toward protecting public investors. This measure will be a significant second step.

Your Committee further finds that industrial loan companies are currently experiencing difficulties brought about at least in substantial part by economic circumstances beyond the control of management. The sharp decline in Hawaii's real estate and construction industries from the boom conditions of the late 1960s and early 1970s has adversely affected many companies which heavily engaged in real estate development and second mortgage lending. Two receivership proceedings and the necessity of a bank acquisition have undermined public confidence in the industrial loan industry. An overall loss of confidence would result in needless losses and disruption of the State's economy. With such confidence the industry can take steps to minimize or avoid further losses and resolve its current problems. This bill will strengthen and improve public confidence in the industry.

After full consideration, your Committee finds that it is an essential public interest that the State assist in avoiding a widespread loss of confidence with its attendant disruption of our economy. Therefore, in order to assist these companies in adjusting to changed economic conditions, the bill authorizes the Director of Finance to issue general obligation bonds not exceeding \$20,000,000, the proceeds of which can be used to make loans to the Guaranty Corporation. These loans, however, are to be repaid with interest over a twenty-year period as members pay assessments to the guaranty fund.

The key substantive provisions of this bill, together with amendments made by this Committee, are as follows:

Sec. 408A-4 mandates the establishment of the "Thrift Guaranty Corporation of Hawaii" as a private non-profit corporation by all industrial loan companies which have issued and outstanding thrift account obligations and which are operating on the effective date of the Act. It is the intent of your Committee that the word operating should not be construed to include industrial loan companies which prior to the effective date of the Act are in receivership or have been adjudicated bankrupt. Your Committee has amended this section to make it clear that, once the corporation is established, no industrial loan company may issue thrift accounts unless it is a member.

Sec. 408A-5 was added by your Committee and sets forth the voting rights of members of the Guaranty Corporation. Each member is entitled to one vote plus one vote for each \$1,000 of assessments which it has paid. This gives larger companies a larger voice in the operation of the company. Larger companies are limited, however, to no more votes than 15% of the aggregate assessments would entitle them.

Sec. 408A-6 provides for the control and management of the Corporation by a board of directors. Your Committee has amended this section to make it clear that four affirmative votes are necessary to support any action taken by the board. This section also empowers the board to investigate and inquire into the financial condition of any of its members and to have reasonable access to the books and accounts of its members. With the approval of the bank examiner, the board may impose reasonable restrictions and conditions on the activities of a member. Disputes between a member and the board are to be resolved by an appeal to the bank examiner in accordance with another section of the bill. The board, subject to the prior approval of the bank examiner, is given authority to invest funds held in the guaranty fund and to borrow when necessary to carry out the purposes of the chapter.

Sec. 408A-7 empowers the Guaranty Corporation to act as a receiver whenever the

bank examiner has made application for the appointment of a receiver of a member company. In such event the Guaranty Corporation shall have all of the powers of a receiver as set forth in existing laws.

Sec. 408A-8 sets forth the powers of the Guaranty Corporation to purchase the assets of, make investments in, or make loans to a member company. The section further authorizes the Guaranty Corporation to guarantee losses where such action is necessary to facilitate the purchase of a member company by another institution. Finally, this section empowers the board to prospectively suspend the guarantee of thrift accounts in any member company where such action in the judgment of the board will reduce the risk of or avert a threatened loss to the Guaranty Corporation.

Sec. 408A-9 provides for the guarantee of thrift accounts up to \$10,000 and sets forth such guarantee for single ownership accounts, testamentary accounts, accounts held by executors or administrators, corporation or partnership accounts, unincorporated association accounts, trust accounts, and joint accounts.

Sec. 408A-10 provides for the establishment and maintenance of a guarantee fund. Member companies are required to pay assessments to the fund in accordance with an established schedule until the fund equals two percent of the outstanding thrift account obligations of all members. Assessments are made on the members' outstanding thrift account obligations as follows: one-quarter of one percent is to be paid the first year, three-eighths of one percent is to be paid the second year, and one-half of one percent is to be paid each year thereafter. The bank examiner may in addition make special assessments not to exceed two times the annual assessment. Your Committee has amended this section to delete a provision providing for the refund of amounts held in excess of two percent of the total of all members' thrift account obligations. Your Committee has provided instead that when the total amount in the guaranty fund exceeds such amount the Guaranty Corporation shall not levy the annual assessment. Your Committee has further provided that a member which has not paid two percent of its outstanding thrift account obligations shall continue to pay assessments until it reaches such amount notwithstanding the fact that the fund may exceed two percent of the total of all members' thrift account obligations.

Sec. 408A-11 through 408A-13 provide for notice of assessments, for reports to the bank examiner, and for the taking of appropriate action against members which do not pay an assessment when due.

Sec. 408A-14 provides for payments to thrift account holders of a member in receivership. Under this section if a member is adjudicated bankrupt or is in receivership, the bank examiner may either direct the Guaranty Corporation to pay the member's thrift account holders up to \$10,000, or may withhold such direction until it is determined that the proceeds of the estate are insufficient to pay such amounts. In the latter case, the Guaranty Corporation shall be directed to pay each deficiency. The section further provides that whenever the Guaranty Corporation makes payment, it shall be subrogated to the rights of the thrift account holders up to the amount of the payment.

Sec. 408A-15 provides procedures for the bank examiner to take possession of the Guaranty Corporation whenever it has violated its charter or any law or has neglected or refused to submit its books, papers and affairs for his inspection. Section 408A-16 and 408A-17 provide for judicial review of such action.

Sec. 408A-18 authorizes the Guaranty Corporation to submit reports and make recommendations to the bank examiner and empowers the bank examiner to order their implementation.

Sec. 408A-19 and 408A-20 are essentially housekeeping measures related to the management of the guaranty fund.

Sec. 408A-21 has been amended by your Committee to provide that the board shall not divulge information acquired from the bank examiner pursuant to section 408-27. The bank examiner is authorized to provide information to the board by an amendment to section 408-27 contained in section 3 of the bill.

Sec. 408A-22 provides that the bank examiner shall give the Guaranty Corporation notice whenever he institutes receivership proceedings against a member.

Sec. 408A-23 provides for the non-transferability of membership in the Guaranty

Corporation.

Sec. 408A-24 provides that Guaranty Corporation shall at all times be subject to the regulation of the bank examiner.

Sec. 408A-25 provides for appeals by any member aggrieved by an action of the Guaranty Corporation. Such appeals are to be taken to the bank examiner.

Sec. 408A-26 forbids the Guaranty Corporation from advertising without the prior written approval of the bank examiner.

Sec. 408A-27 specifies a statement to be included in all advertising by member companies. Your Committee has amended this statement to make it more plain that the Guaranty Corporation is not to be considered an agency or instrumentality of the State of Hawaii or of the Federal Government.

Sec. 408A-28 is a new section which has been inserted by your Committee to establish a limitation on the interest which industrial loan companies may pay thrift account holders. After careful consideration, and after hearing from the representatives of the Hawaii League of Savings Associations, the Hawaii Bankers Association and the Hawaii Consumer Finance Association, your Committee believes that industrial loan companies which enjoy insurance should in fairness to competing institutions be subjected to a limitation on the interest which may be paid on such insured accounts. Part of the current difficulties of industrial loan companies are, to some degree at least, related to the high rate of interest paid public investors in the past. Your Committee has provided that no member company may pay interest at a rate in excess of one and one-quarter percent more than the rate permitted under applicable federal laws and regulations to be paid by savings and loan associations. It is the intent of your Committee to limit the interest rate which member companies may charge to such differential, upon the same terms and conditions as are applicable to savings and loan associations under federal laws and regulations. Your Committee has further provided that the differential of one and one-quarter percent may be increased or decreased by the bank examiner whenever he determines that such action is in the public interest and is reasonably necessary to preserve stability among financial institutions so as to protect public investors and and depositors. This section further provides that the limitation on interest shall be effective on January 1, 1978, provided that the bank examiner may establish an earlier effective date by rule. It also provides that no member shall increase its interest rate after the effective date of the Act to a rate which would be prohibited after January 1, 1978.

Sec. 408A-29 establishes a limitation on premiums which industrial companies may give thrift account holders. In general, premiums are to be included within the interest limitation. Premiums, however, are not to be subject to the limitation in the following narrow circumstances: (1) the premium is given only at the time of purchase of a certificate or debenture with a term not exceeding one year; (2) the premium is not given on a reoccurring basis; and (3) the value of the premium or merchandise does not exceed \$10 (\$15 if the face amount of the certificate or debenture exceeds \$5,000).

Sec. 408A-30 provides for an initiation fee to be paid by companies desiring to become members of the Guaranty Corporation. Your Committee has reduced the amount of this fee from \$50,00 to \$15,000, and has provided that the fee shall be applied as a credit to any assessments thereafter levied by the Guaranty Corporation against the new member.

Your Committee has amended Section 4 of the bill which sets forth the general obligation bond authorization to provide that loans to the Guaranty Corporation may not exceed the difference between \$20,000,000 and the amount which has actually been paid into the fund by members.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 230, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 230, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 296 Higher Education on H. B. No. 1085

The purpose of this bill is to provide funds for the hiring of an additional truck-crop agent to serve the farmers in the West Oahu area.

Presently, the 250 farmers of truck crops on Oahu market approximately one-third of all fresh produce grown in the entire State. Since these truck-crop farmers grow about 26 major crop items which have unique problems of disease control, field management and marketing, they rely heavily on the technical consultative services provided by the Cooperative Extension Service. Presently, there is only one truck-crop agent from the Cooperative Extension Service to serve the island of Oahu; therefore, the close support and emergency service required by these farmers can only be provided on a limited basis unless an additional agent is provided to service the farmers in West Oahu.

Your Committee has amended this bill by increasing the appropriation amount to \$45,000 to provide for two years of funding for the hiring of an additional truck-crop agent; and to provide for related operational and equipment expenses. Your Committee has also amended this bill by deleting the reference to Waialeale to Makaha since this specific reference is too confining for the efficient use of the agent's time in the West Oahu area.

Your Committee on Higher Education is in accord with the intent and purpose of H.B. No. 1085, as amended herein, and recommends that it pass Second Reading and be referred to the Committee on Finance in the form attached hereto as H.B. No. 1085, H.D.

1.

Signed by all members of the Committee except Representative Stanley.

SCRep. 297 Consumer Protection and Commerce on H. B. No. 712

The purpose of this bill is to exempt from the public service company tax, the proceeds of certain transactions between affiliated public service companies.

Currently, the receipt of dividends by a parent company from an affiliate constitutes gross income to the former and is taxable under the public service company tax. Similarly taxable are payments derived from the provision of services such as construction, maintenance, and management, and the sale or transfer of supplies or materials from one member of an affiliated public service company group to another member of the same group. This constitutes a component of company operating expense, which is an important factor used by the Public Utilities Commission in establishing rates and charges to be charged consumers. Thus, elimination of the tax on certain transactions will result in lower net costs and ultimately benefit the ratepaying consumer.

Your Committee finds that under existing laws, taxes on inter-company transactions could be avoided by merely eliminating the legal status of the subsidiary companies and operating them as divisions of the parent company. Your Committee feels that public utilities and their consumers should not be penalized merely because of a technicality relating to the corporate structure of the companies.

Your Committee is in receipt of testimony from Hawaiian Electric Co., Inc. that in both 1975 and 1976 the public service tax paid on transactions sought to be exempted totaled approximately \$90,000 each year. Thus your Committee has determined that enactment of this bill would not result in a significant loss of tax revenue.

It is the intent of your Committee that the provisions of this bill shall not serve as precedent for the exemption from taxation of certain transactions of profit-making, nonregulated corporations.

Your Committee has amended this bill to include within the ambit of the exemption, interest on loans paid by one member of an affiliated public service company group to another member of the same group. Since the parent company is in a better position to borrow funds at a better interest rate, current practice is for the parent company to borrow short-term funds on the mainland money markets and loan the funds to a subsidiary. When the loan is repaid with interest, the interest is subject to the public service company tax, and your Committee believes that this type of transaction should also be exempt since its taxability stems from the corporate structure of affiliated public service companies.

Your Committee has further amended the bill to conform to the requirements of statutory

drafting .

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 712, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 712, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee .

SCRep. 298 Higher Education on H. B. No. 1295

The purpose of this bill is to provide a basic level of support, supplemented by grants and contract funds, to enable the Environmental Center to continue the environmental research functions developed by the Hawaii Environmental Simulation Laboratory (HESL).

HESL was established in 1971 and operated over a five-year development period principally through grants received from the National Science Foundation and the Ford Foundation which terminated in the fall of 1976. The purpose of HESL was to bring representatives of the community, government and business, together with technicians and scientists, into a cooperative working arrangement in the development of ways of using scientific means to predict how the environment would react to given stimuli.

Some of HESL's major contributions to the State include: 1) an environmental impact study of alternative development policies for the Kaneohe Bay region; 2) development of a means to control sedimentation that is now required by State and County regulations; 3) development of geographical information systems that are now in use by State coastal zone and general planning; and 4) assisting in the development of a carrying capacity technique for quality growth management.

Even after the expiration of the National Science Foundation and Ford Foundation Grants, requests for HESL research assistance have continued and contracts and grants from other foundations are anticipated. However, basic support funds are needed to permit the continuance of HESL's environmental research functions and to attract additional contract and grant funds.

Your Committee on Higher Education is in accord with the intent and purpose of H.B. No. 1295 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Stanley .

SCRep. 299 Higher Education on H. B. No. 1615

The purpose of this bill is to provide funds to support the operations of the Agricultural Service Center of the College of Tropical Agriculture at the University of Hawaii.

The central office of the Agricultural Service Center was established on January 29, 1975, to improve the coordination of current services in plant diseases, insect identification, soil and tissue testing. Pursuant to House Resolution 679 of the 1975 Legislative Session, the College of Tropical Agriculture submitted a report to the 1976 Legislature on the complete organization and program plans for the Service Center. According to the report, the Service Center will also provide an innovative field section which will take new information from research and demonstrate it in the field.

From its inception, the Center could not meet its goals because of limited funding which has come from internal University allocations. If funds are specifically earmarked for the Service Center, the Center can complete its organization and fully implement its program plans to increase the effectiveness of agricultural services to meet the needs of Hawaii's agricultural industries.

Your Committee on Higher Education is in accord with the intent and purpose of H.B. No. 1615 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Stanley .

SCRep. 300 Higher Education on H. B. No. 1205

The purpose of this bill is to provide funds to enable the Continuing Education for Women Program to further the educational and vocational aspirations of women by providing support services and developmental programs on a statewide basis.

Recent statistics indicate that many women have been forced to become major breadwinners through widowhood, separation and divorce at a time of economic instability. Many of these women are reentering the job market without adequate skills and need counseling and outreach services, as well as skills necessary to enable them to compete in the job market.

Your Committee believes that the Continuing Education for Women Program, initiated in 1968, is a necessary and logical extension of the concerns and needs which have long been expressed by the State for the full development of the human potentials of all its citizens.

Your Committee has amended the bill to include \$140,000 for the fiscal biennium 1977-79 to fund this program.

Your Committee on Higher Education is in accord with the intent and purposes of H.B. No. 1205, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1205, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Stanley.

SCRep. 301 Higher Education on H. B. No. 1459

The purpose of this bill is to provide necessary funds for the vocational/technical education program at Leeward Community College.

Your Committee finds that the reduced level of funding for current expenses and equipment at Leeward Community College over the past six years has hampered the development and quality of education in the college's vocational/technical division. This is disturbing because the Legislature has a strong philosophical and budgetary commitment to vocational education in Hawaii's schools. Therefore, your Committee would like to express its support for this bill in order to bring the level of funding for current expenses and equipment to a realistic amount for the proper delivery of quality vocational education services.

Your Committee on Higher Education is in accord with the intent and purpose of H.B. No. 1459 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Stanley.

SCRep. 302 Higher Education on H. B. No. 1491

The purpose of this bill is to move the Center for Labor Education and Research from the College of Continuing Education and Community Services of the University of Hawaii at Manoa to the Office of the President of the University of Hawaii system. Accordingly, it makes the Labor Education Advisory Council advisory to the University President instead of the Dean of the College of Continuing Education and Community Services and relocates the revolving fund for the Center's operations to the University President's office.

Act 202, Session Laws of Hawaii 1976, recognizes the significant contributions of organized labor to the social, political, and economic development of the State through the establishment of a Center for Labor Education and Research within the College of Continuing Education and Community Services, University of Hawaii at Manoa. The Center's major duties include:

- (1) providing labor instruction and research to the workers and their organization and to the public;
- (2) advising and assisting in the development of labor-related instructional

programs in the Department of Education and labor studies degree programs in the University of Hawaii system; and

- (3) acting as a clearinghouse for labor education matters .

Testimony received by your Committee indicated the Center for Labor Education and Research properly belongs under the College of Continuing Education and Community Services because of the center's purposes, responsibilities, and activities as established by law. Your Committee agrees that the kinds of experimental programs and services provided under the Center traditionally fall under the College of Continuing Education and Community Services which has been developed to house programs providing educational experiences for particular purposes or groups. Therefore, your Committee has amended the bill by deleting the sections which provide for the transfer of the Center to the University President's Office.

Your Committee finds that the major setback in the Center's development is the executive administration's failure to release funds appropriated by the Legislature for the Center's operations. Your Committee finds that it is necessary to reappropriate funds for the development of the Center for Labor Education and Research and has therefore amended the bill to provide for \$500,000 for the fiscal biennium 1977-79 for the Center's operations. Your Committee feels that the Legislature remains strongly committed to the Center for Labor Education and Research and supports the need to honor this commitment.

Your Committee on Higher Education is in accord with the intent and purposes of H.B. No. 1491, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1491, H.D. 1 and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Stanley .

SCRep. 303 Higher Education on H. B. No. 728

The purposes of this bill are to: (1) authorize the State Postsecondary Education Commission to promulgate rules necessary for the receipt and disbursement of funds under the State's Administrative Procedures Act; (2) restrict the use of state funds to aid only persons attending State owned and/or State controlled institutions; and (3) prohibit the payment of staff-work used in the distribution of federal or private funds to students attending non-public institutions .

Pursuant to H.R. No. 35, adopted during the Regular Session of 1976, an ad hoc committee was established to review the question of awarding financial aid to students attending Hawaii's private colleges. The committee's report reveals that there are constitutional problems in the granting of public funds to students who desire to attend non-public institutions .

Your Committee believes that private colleges play an important role in the delivery of higher education in the State. These independent institutions offer educational programs and experiences which may not be available within the University of Hawaii system and more importantly, it provides students with a choice of the manner in which they achieve their education. Therefore, until such time that the Hawaii State Constitution can provide for the use of public funds for scholarships, loans, and grants to students attending private as well as public higher education institutions, authorizing the Postsecondary Education Commission to adopt rules relating to the administration of federal funds and limiting the use of state appropriations will serve as an interim measure. In this way the State can participate in the federally initiated State Student Incentive Grant program effective July 1, 1977, which would enable the State to expand both access and choice of higher education opportunities and alternatives to Hawaii's students through the use of grants to financially needy students .

The appropriation of \$650,000 was intended to be the State's matching of federal funds available under the State Student Incentive Grant program. However, testimony from the Administrative Officer of the Postsecondary Education Commission disclosed that \$550,000 would be sufficient for the fiscal biennium 1977-79 to cover Hawaii's portion. Therefore, your Committee has amended the bill to reflect this amount.

Your Committee on Higher Education is in accord with the intent and purposes of H.B. No. 728, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 728, H.D. 1 and be referred to the Committee

on Finance.

Signed by all members of the Committee except Representative Stanley.

SCRep. 304 Higher Education on H.B. No. 1329

The purpose of this bill is to provide equal opportunity in higher education for mobility-impaired handicapped persons by authorizing the University of Hawaii to provide transportation for such persons attending the various campuses in the University of Hawaii system.

Pursuant to Senate Resolution 337 of the 1976 Legislative Session, an ad hoc committee, composed of representatives from the University, other State agencies and representatives of private organizations, studied the feasibility of extending transportation services to mobility-impaired handicapped students. The November 1976 Ad Hoc Committee report recommended that the Legislature adopt enabling legislation to permit the University of Hawaii to provide such transportation services which include cooperative agreements with the existing program operated by the Department of Education (DOE) and the Department of Accounting and General Services (DAGS).

Your Committee finds that the Manoa Campus, in cooperation with the Easter Seal Society, now has a pilot project which provides door-through-door transportation services using a single vehicle provided by a grant from the McNerny Foundation. The project, however, only covers the metropolitan area from Hawaii Kai to Nuuanu and there is a demand for services outside of metropolitan Honolulu.

After reviewing this bill and other options proposed by the Ad Hoc Committee, your Committee has concluded that the most feasible and economical method of providing such transportation services would be to establish the same setup provided for special education students in DOE. Presently, DOE promulgates rules and regulations for the program while DAGS implements the program by contracting with private companies.

A major concern of your Committee in reviewing this bill was to assure a maximum number of scheduled "runs" to minimize the length of time the students must spend on campus before and after their classes. Your Committee seriously considered the bill's proposal to place the complete program in the University; however, it believes that coordination by DAGS will provide maximum "piggy-backing" of the University and DOE programs and would therefore allow for more vehicles and scheduled "runs" to accommodate the needs of both the University and DOE students.

Your Committee recognizes that in implementing the University's program, additional clerical work might be necessary since new students and different class schedules would require rescheduling of routes and "runs" every semester. Therefore, it is the intent of your Committee that DAGS be allowed to hire a temporary clerical person, if necessary, with a portion of the funds provided in this bill.

This bill has been amended by changing, in Section 3, the expending agency from the University of Hawaii to the Department of Accounting and General Services. A technical amendment was also made on line 8 to insert, after the word "of", the words "accounting and".

Your Committee on Higher Education is in accord with the intent and purpose of H.B. No. 1329, as amended herein, and recommends that it pass Second Reading and be referred to the Committee on Finance in the form attached as H.B. No. 1329, H.D. 1.

Signed by all members of the Committee except Representative Stanley.

SCRep. 305 Higher Education on H. B. No. 1716

The purpose of this bill is to raise the maximum limit for the University of Hawaii research and training revolving fund and authorize payments of certain costs which federal granting agencies expect the University to assume.

Your Committee received testimony from the University of Hawaii administration and a few of its outstanding scholars which indicates that the revolving fund has promoted the quality and extent of research with positive benefits to undergraduate and graduate

instructions and other scholarly activity, has generated impressive economic benefits to the State by providing employment and through purchases of goods and services, and has brought national and international distinction to the University and the State.

The University of Hawaii research program stature is recognized by reputable sources outside the University such as the Chronicle for Higher Education which has designated the University of Hawaii at Manoa as one of the top research universities in the nation and the Honolulu Star Bulletin which noted in a February 2, 1976, editorial, "the University of Hawaii has developed into a research center of value to the nation and the world as well as to the state."

Your Committee believes that the significant benefits locally, nationally, and internationally derived through the University of Hawaii's research and training programs justify supporting an increase in its revolving fund. The additional funding will generate research and training contracts and grants; satisfy "overhead" cost obligations incurred through such contracts and grants; and assist in maintaining, repairing or replacing essential research equipment.

Your Committee has amended H.B. 1716 to authorize limiting revolving fund deposits to fifty per cent of all income from indirect overhead sources and without a specific dollar limit.

Your Committee on Higher Education is in accord with the intent and purpose of H.B. No. 1716, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1716, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Stanley.

SCRep. 306 Health on H. B. No. 205 (Majority)

The purpose of this Bill is to remove the present prohibition of the sale of prophylactics in vending machines and allow them to be sold under regulation by the Department of Health.

Your Committee finds that over the past two years, gonorrhoea has increased 22 percent while the incidence of syphilis has almost tripled.

Testimony presented before your Committee support the intent of the Bill and acknowledges the importance of using prophylactics as a preventive health method to reduce the high incidence of disease in Hawaii.

Furthermore, the sale of prophylactics through vending machines would permit availability of the item during periods when drug and sundry stores are not open. It will also make the prophylactics available to people who might not be willing to purchase them over the counter.

Your Committee has amended H.B. No. 205, Section 321 (b) to read:

"(b) No person shall publicly vend prophylactics in mechanical coin-operated machines in the State unless he shall have obtained a permit from the department of health. The department of health shall promulgate rules and may charge fees to regulate the sale of prophylactics through vending machines and require that they be stocked with adequately labeled and scientifically approved devices only."

Your Committee on Health is in accord with the intent and purpose of H.B. No. 205, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 205, 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. 307 Employment Opportunities and Labor Relations and Health on
H. B. No. 217

The purpose of this bill will compel a noncomplying employer to reimburse an employee who paid for his medical or hospital expenses. It aims to protect an employee from

undue financial burden should his employer fail to comply with the law.

Presently, Section 393-11 requires all subject employers to provide health care coverage for their employees. There have been cases where employers have not provided health care benefits, forcing employees to pay their own bills for which they are not reimbursed. Section 393-11 can be interpreted broadly to require employers to reimburse their employees for failure to provide the required coverage but the section can be interpreted to mean coverage by a plan and therefore not for expenses incurred. The penalty for failure to provide coverage by a plan under Section 393-11 does not require reimbursement by an employer for expenses incurred.

Your Committee on Employment Opportunities and Labor Relations and your Committee on Health are in accord with the intent and purpose of H.B. No. 217 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Abercrombie and Stanley.

SCRep. 308 Employment Opportunities and Labor Relations and Health on
H. B. No. 216

The purpose of this bill is to authorize the use of the premium supplementation fund to pay for the health care costs of a disabled employee which normally would have been paid for by his employer had he provided the required health care coverage. It would also authorize the department to take appropriate enforcement action to recover from the noncomplying employer, such benefits paid from the fund. This proposal would preclude a noncomplying employer's attempt to shift the payment burden on to the fund without repaying it.

Your Committee on Employment Opportunities and Labor Relations and your Committee on Health are in accord with the intent and purpose of H.B. No. 216 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Abercrombie and Stanley.

SCRep. 309 Employment Opportunities and Labor Relations on H. B. No. 604

The purpose of this bill is to amend the benefit schedules under the Workers' Compensation Law so that persons who suffer the same type of disabilities would receive identical benefits. This bill also increases the base for compensating nonscheduled injuries from 312 times the maximum weekly benefit amount to 400 times the maximum weekly benefit amount.

Presently under the Workers' Compensation Law, the benefits awarded to permanent partial disability are based on the injured worker's average weekly wages. Accordingly, the worker with a lower weekly compensation rate would receive less than a worker who is paid a higher salary for the loss of an arm or any identical injuries.

This bill provides both workers with identical monetary awards by granting benefits to the worker with the lower weekly compensation rate for a longer period of time. Your Committee believes that the worker compensated at a lower weekly rate should not be discriminated against in any awards for permanent partial disability. Your Committee supports this measure which establishes a more equitable indemnity schedule under the law. Your Committee also supports the increase in maximum weekly benefit rate for the impairment or loss of physical or mental function of the whole man.

Your Committee on Employment Opportunities and Labor Relations is in accord with the intent and purpose of H.B. No. 604, 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 Stanley.

SCRep. 310 Employment Opportunities and Labor Relations on H. B. No. 848

The purpose of this bill is to provide benefit rate adjustments to those employees who are totally disabled for over two years, and for dependents of deceased workers receiving compensation, whenever amendments are made to the statutory maximum weekly compensation rate.

The existing Workers' Compensation Law contains no provision for adjustment of weekly benefit payments presently being received by the overwhelming majority of totally disabled workers, nor for dependents of deceased employees. These recipients are receiving benefit payments based on the statutory maximum at the time of injury. The benefits remain frozen at the awarded rate even if the statutory maximum weekly compensation rate is subsequently increased. The Department of Labor and Industrial Relations testified that benefits fixed in the past may have been relevant then, but with the passage of time, these benefits have become totally inadequate to the needs of the workers or their dependents.

The increased costs of benefit adjustments are to be borne by the special compensation fund either as reimbursement to employers who make and pay the adjustment, or as adjustments paid directly to recipients of weekly benefit payments from the special compensation fund.

Your Committee on Employment Opportunities and Labor Relations is in accord with the intent and purpose of H.B. No. 848, 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 Stanley.

SCRep. 311 Employment Opportunities and Labor Relations on H. B. No. 218

The purpose of this bill is to expressly state in the law, that no provisions of the Hawaii Wage and Hour Law may be waived by private contract or agreement between the employer and employee.

The Hawaii Wage and Hour Law prohibits the employer from paying wages below an established minimum and requiring the employees to work more than an established number of hours per week without increase in their compensation; however, testimony before your Committee has uncovered situations which employers and employees have entered into agreements in which employees agree to work for less pay or for long hours without being paid at overtime rates. These agreements tend to circumvent the purpose of the Wage and Hour Law and may be detrimental to employees in general. The bill would make it clear that the Wage and Hour Law may not be circumvented by private agreements between employer and employee.

Your Committee on Employment Opportunities and Labor Relations is in accord with the intent and purpose of H.B. No. 218 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 Stanley.

SCRep. 312 Judiciary on H. B. No. 653

The purpose of this Act is to correct conflicting provisions in the law relating to removal of identification marks from firearms. At present, Section 134-10 makes it a felony to alter identification marks of firearms or ammunition, while Section 708-838 makes it a misdemeanor to remove identification marks from various types of items as listed, including firearms. Your Committee believes that the ambiguity should be resolved by removing references to firearms from Section 708-838 because of the seriousness of the problems associated with the alteration of identification marks of firearms.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 653 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 Naito.

SCRep. 313 Finance on H. B. No. 2

The purpose of this bill is to appropriate funds to the judiciary for the fiscal biennium July 1, 1977 to June 30, 1979.

As amended, the bill represents the proposed budget of the judiciary adjusted for salary turnover savings. After reviewing the proposed expenditures contained in this bill, your Committee finds that it adequately provides for the necessary judiciary programs and level of services for the ensuing biennium.

Some of the more significant items funded include the following: positions to maintain the Hawaii Judicial Information System on an ongoing basis; funds to provide microfilming services to resolve storage space problems; establishment of an additional circuit court division to permit the Circuit Court of the First Circuit to cope with the increase in civil cases; and additional social workers for the Family Court.

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

Signed by all members of the Committee.

SCRep. 314 Tourism on H. B. No. 142 (Majority)

The purpose of this bill is to expand the focus of the Department of Planning and Economic Development's tourism development program by enabling all other visitor industry organizations to be eligible for state funds to be used for promotional purposes under contract with this department.

To fulfill this purpose, Section 203-1, Hawaii Revised Statutes, is amended to read as follows: The department may contract with any other non-profit trade association organized by and consisting of businesses or individuals involved in the visitor industry in the state for the purpose of tourist promotion and development services.

Your Committee feels that because there is much concern to encourage greater economic growth throughout the state, especially on the neighbor islands, perhaps greater support through marketing and promotional efforts should be directed towards specific areas, type of visitors, and the like. The combined efforts of the non-profit trade associations within the visitor industry would thus result in attracting more visitors to Hawaii.

Your Committee on Tourism is in accord with the intent and purpose of H.B. No. 142, 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 Peters and Stanley.
(Representative Abercrombie did not concur).

SCRep. 315 Consumer Protection and Commerce on H. B. No. 429

The purpose of this bill is to increase the estimated cost of buildings which may be constructed without a stamp of certification by an architect or engineer. This increase would allow persons to draw plans for one-storied buildings costing \$50,000 or less and two-storied buildings costing \$45,000 or less.

The original cost limit of \$35,000 and \$30,000, respectively, was established in 1969. Due to the inflationary rise in the cost of construction materials since that time, your committee agrees with the proposed increase in the estimated cost for buildings exempt from the provisions of Sec. 464 of the Hawaii Revised Statutes.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 429 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 316 Consumer Protection and Commerce on H. B. No. 225

The purpose of this bill is to increase the fees for insurance licensing, examination, and post-licensing services. Presently, the licensing and examination fees which were in 1964 are unrealistically low and do not cover the cost of these services today.

With respect to examination fees, the proposed amendment authorizes the insurance commissioner to establish the fees by rule. This approach has been taken because examination fees require periodic adjustment to cover the cost of this activity.

The bill proposes to increase the license issuance fees from the present \$15.00 to \$20.00 or \$25.00. The "issuance" fees covers the initial processing of the application, setting up the permanent history cards and files, and preparing the license. It is not a recurring charge. The variation in the proposed increases reflect the volume and complexity involved in servicing different categories of licensing.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 225 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 317 Consumer Protection and Commerce on H. B. No. 1056

The purpose of this bill is to establish a mechanism for the periodic review of the practices of State regulatory boards and commissions to determine whether or not these bodies should be continued, modified or allowed to expire. In addition, persons seeking to extend licensing into a previously unregulated field would be required to provide a regulatory impact statement to support their proposals.

The proliferation of regulatory boards and commissions, placed within the Department of Regulatory Agencies for administrative purposes, has led to a growing concern over the effectiveness of such bodies in accomplishing their legislative mission to protect citizens' health, safety and welfare.

The proposed Hawaii Regulatory Licensing Reform Act, or "Sunset Law", establishes policy guidelines to be used in evaluating existing boards and commissions beginning in 1978. Additionally, new regulatory proposals would be evaluated with reference to the policy guidelines before such proposals are considered by the Legislature.

In order to help insure that a well-informed decision is made, the bill establishes a repeal date (December 31) for each board or commission and each licensing program within the professional and vocational licensing division of the department. The numerous boards and commissions are divided into six groups for purposes of periodic evaluation. Evaluation of a board's performance is keyed to an impact statement prepared by the board. The statement is designed to obtain the relevant facts needed to determine whether the board is in compliance with the policy guidelines. The statement shall recommend the continuance, demise or modification of the boards's enabling legislation.

The impact statement is to be filed by the board on October 1 of the year preceding the year of the repeal date. It will then be reviewed by a joint legislative committee. The committee shall, prior to January 1 of the year of the repeal date, report its conclusions as to whether the regulation is in accord with the policies established in the bill. It shall also report its recommendation as to disposition. The committee's report shall be filed with the clerks of both legislative chambers after a public hearing has been held. Unless the Legislature takes action at the following regular session to toll the repeal date established in the bill, the board's enabling legislation will be automatically repealed.

In addition, persons advocating the passage of new regulatory measures are required to file an impact statement containing such information as the Director of Regulatory Agencies may require. The assessment report will be in substantially the same format as the sample "regulatory impact statement" submitted as part of the department's study of boards and commissions submitted in response to H.R. 559. It, like the impact statement to be prepared by existing boards, is designed to gather all reasonably obtainable factual data regarding the providers and consumers of the service or activity to be regulated.

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

and purpose of H.B. No. 1056, and recommends that it pass Second Reading and be referred to the Committee on Public Employment and Government Efficiency.

Signed by all members of the Committee.

SCRep. 318 Education on H. B. No. 490

The purpose of this bill is to amend the Hawaii Revised Statutes by adding a new section--"School Books; Replacement Charges." The intent of this bill is to hold students responsible for the loss or destruction of school books.

Your Committee on Education finds that this bill establishes a logical consequence for irresponsible or destructive behavior. This bill provides that the student responsible shall pay actual replacement costs, or contribute work time to the school during non-school hours for loss, damage, or destruction of school books.

Your Committee has amended this bill by deleting the proposed section "School Books Replacement Charges," and it into Section 298-5, Hawaii Revised States.

Your Committee has further amended this bill to have all fees or charges collected Section 298-5 deposited into a non-lapsing fund.

Your Committee has further amended this bill by repealing the second paragraph of Section 298-5, which relates to raising the standards of schools to English standards.

Your Committee on Education is in accord with the intent and purpose of H.B. No. 490, as amended herein, and recommends that it pass Second Reading and be referred to the Committee on Finance in the form attached hereto as H.B. 490, H.D. 1.

Signed by all members of the Committee.

SCRep. 319 Education on H. B. No. 1600

The purpose of this bill is to appropriate monies for a program for the intellectually and artistically gifted and talented.

Your Committee feels that there is a need for improvement and expansion of educational services for gifted and talented students. Your Committee has heard testimony that in-service teacher training and contractual services must be provided in order to implement the State Plan to improve and expand educational services for the gifted and talented students.

Your Committee has heard testimony from the DOE that in-service teacher training would take the form of an intensive awareness campaign to make teachers and administrators aware of the characteristics of gifted students, establish identification criteria and selection procedures, and provide training in the selection and provision of appropriate educational options. The contractual services funds would be expended in a variety of ways for such things as: 1) honorariums for community professionals, 2) development of tests for course credit by examination, and 3) development of model individual education plans.

Your Committee has amended this bill to include in the definition of gifted and talented students who demonstrate outstanding creative ability, specific academic ability, or leadership capabilities.

Your Committee on Education is in accord with the intent and purpose of H.B. No. 1600, as amended herein, and recommends that it pass Second Reading and be referred to the Committee on Finance in the form hereto attached as H.B. No. 1600, H.D. 1.

Signed by all members of the Committee.

SCRep. 320 Education on H. B. No. 1257

The purpose of this bill is to appropriate monies for a pilot project to provide services

to students with learning disabilities in public schools.

Your Committee finds that there is a need to provide services to students with learning disabilities.

However, your Committee has the belief that prior to the embarking on a statewide program for students with learning disabilities, all alternatives must be analyzed, properly designed and pilot-tested, with safeguards built in through periodic evaluation.

Therefore, your Committee has amended this bill to provide for an appropriation of \$100,000 for the development of a program design for students with learning disabilities.

Your Committee has further amended this bill by providing that this program design shall be piloted in the public schools.

Your Committee on Education is in accord with the intent and purpose of H.B. No. 1257 as amended herein, and recommends that it pass Second Reading and be referred to the Committee on Finance in the form attached hereto as H.B. No. 1257, H.D. 1.

Signed by all members of the Committee.

SCRep. 321 Education on H. B. No. 1375 (Majority)

The purpose of this bill is to appropriate funds to make restitution to John E. and Aiko T. Reinecke, two teachers employed by Hawaii's Department of Public Instruction whose teaching certificates, tenure, and other employment rights were improperly abridged.

Your Committee finds that John and Aiko Reinecke were, at the time of their dismissal, dedicated instructors of the territorial school faculty who were victims of false innuendos and public misunderstanding.

Your Committee has found that the Reineckes were active in community affairs, and had participated in support of workers' movements in the territory, especially in the growth of labor unions. In 1947, John and Aiko Reinecke were accused of not possessing the ideals of democracy, and therefore being unfit to teach. The Reineckes were tried before the Commissioners of Public Instruction and, despite insufficient evidence that either had attempted to influence the political thinking of students, were dismissed from their jobs.

Twentyeight years later, on October 7, 1976, the Board of Education found that John and Aiko Reinecke were wrongfully discharged from their jobs and recommended to the Legislature that financial compensation be granted to them.

Your Committee has heard numerous testimonies from the Board of Education, professional teaching organization, community groups, labor unions, and individuals in support of the intent and need for this bill.

Your Committee finds that the conclusions of the Board of Education on this matter are substantially correct; that restitution should be made to John and Aiko Reinecke, in consideration of the injustices done them; and that such restitution is a moral obligation of the State.

Therefore, your Committee has amended this bill to include an appropriation of \$136,598 for the Reineckes net wage salary losses. Your Committee further recommends that retirement benefits and other financial adjustments be deferred to the Committee on Finance for further consideration.

Your Committee on Education is in accord with the intent and purposes of H.B. No. 1375 and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1375, H.D. 1 and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Ushijima.
(Representatives Carroll, Evans and Poepoe did not concur).

SCRep. 322 Education on H. B. No. 1386

The purpose of this bill is to provide for a committee to advise the department of education on all matters concerning the planning, implementation, and operations of special education programs.

Your Committee finds that input from the advisory committee is an essential factor in planning special education programs.

Your Committee on Education has amended this bill to conform with Federal Regulations, P.L. 94-142, by including special education teachers, practitioners, parents of children with handicaps, the handicapped, and representatives from agencies serving the handicapped on this committee. It is the opinion of this Committee that the advisory committee on special education should include representation of all handicapping conditions.

Your Committee has further amended this bill to appropriate a sum of \$20,000, or so much thereof as may be necessary, to be expended by the department of education for the purposes of this Act.

Your Committee on Education is in accord with the intent and purpose of H.B. 1386, as amended herein, and recommends that it pass Second Reading and be referred to the Committee on Finance in the form hereto attached as H.B. No. 1386, H.D. 1.

Signed by all members of the Committee.

SCRep. 323 Education on H. B. No. 491

The purpose of this bill is to amend Chapter 298 of the Hawaii Revised Statutes by adding a new section-- "Vandalism in the Schools; Restitution." The intent of this bill is to hold students responsible for their actions of vandalism against any public school building, facility, or grounds.

Your Committee feels that this bill is necessary as a deterrent to willful destruction to school property. This bill provides a legal framework for the enforcement of responsibility and restitution on the part of the student.

Your Committee has amended this bill by deleting the proposed section "Vandalism in the Schools; Restitution," and incorporated it into Section 298-5, Hawaii Revised Statutes.

Your Committee has further amended this bill to have all fees or charges collected in Section 298-5 deposited into a non-lapsing fund.

Your Committee has further amended this bill by repealing the second paragraph of Section 298-5, which relates to raising the standards of schools to English Standards.

Your Committee on Education is in accord with the intent and purpose of H.B. No. 491, as amended herein, and recommends that it pass Second Reading and be referred to the Committee on Finance in the form attached hereto as H.B. No. 491, H.D. 1.

Signed by all members of the Committee.

SCRep. 324 Education on H. B. No. 926

The purpose of this bill is to provide monies for the operation of Maui Hui Malama, Inc., for supplemental educational opportunities for the residents of Maui.

Your Committee finds that Maui Hui Malama provides services to a segment of the population which is not being accommodated within the traditional secondary and adult school settings. Maui Hui Malama provides: 1) Preparation for the GED (High School Equivalency Diploma); 2) Tutoring in basic math, reading, and language skills; and 3) Counseling and referral to other community agencies when appropriate to student needs.

Your Committee is amending this bill to provide funding for the fiscal biennium. The amount appropriated is \$37,478 for the fiscal biennium 1977-79.

Your Committee on Education is in accord with the intent and purpose of H.B. No. 926 as amended herein, and recommends that it pass Second Reading and be referred to the Committee on Finance in the form attached here to as H.B. No. 926, H.D. 1.

Signed by all members of the Committee.

SCRep. 325 Education on H. B. No. 196

The purpose of this bill is to authorize the Board of Education to classify and adopt an educational officer classification/compensation plan upon which the salary ranges of the Department of Education's educational officer positions are to be based.

The 1973 Management Audit of the Department of Education cited the need to develop a new classification system for the Department's educational officers. Specifically, the lack of uniform and consistent minimum qualification requirements along with descriptive class titles detailing responsibilities have hampered the promotional process for the Department's educational officers.

Since then the Department has conducted several classification studies, none of which were acceptable to the Department, to its educational officers and to the Legislature. However, with the adoption of S.C.R. No. 116, Regular Session of 1976, an Ad Hoc Committee commenced to formulate an educational officer compensation and classification plan.

Pursuant to S.C.R. No. 116, the Board of Education approved the Educational Officer Classification/Compensation Plan II that provides for the following: 1) establishes uniform and consistent minimum qualification requirements for State and District level classes; 2) establishes a two-step appeal process, which recognizes an educational officer's right to due process, should he disagree with any classification action taken on his position; 3) establishes procedures by which an educational officer can submit a classification request for appropriate review and action; and 4) provides management a tool to recognize the levels of responsibility, authority and complexity with like levels of compensation.

Your Committee finds that the Educational Officer Classification/Compensation Plan II released in September, 1976 provides for a consistent and equitable plan which is acceptable to all parties involved. Therefore, your Committee supports the passage of this bill which would allow for the application of this Plan.

Your Committee on Education is in accord with the intent and purpose of H.B. No. 196 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 326 Education on H. B. No. 1276

The purpose of this bill is to appropriate the sum of \$361,242 in FY 1977-78 and \$361,242 in FY 1978-79 to provide Art, Music, and Physical Education specialists in public schools.

Your Committee finds that the services provided by these specialists are needed on a continuing basis for the development and implementation of sound programs in their specialty area. These specialists are used to assist teachers in in-service activities, evaluation of new and on-going programs, conducting demonstrations, and in planning and coordinating special inter-school or out-of-school educational activities.

Your Committee on Education is in accord with the intent and purpose of H.B. No. 1276, and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 327 Education on H. B. No. 1214

The purpose of this bill is to appropriate the sum of \$185,062 for FY 1977-78, and \$199,995 for FY 1978-79 for the continuation of the Special Education Summer School Program.

Your Committee finds that handicapped children require year round stimulation to maintain their current repertoire of skills, and to learn new skills. The reinforcement of a school situation is helpful to these special children.

Your Committee on Education is in accord with the intent and purpose of H.B. No. 1214, and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 328 Education on H. B. No. 950

The purpose of this bill is to appropriate the sum of \$61,046.00 for equipment, curricula materials, facilities, and staffing for the Honokaa-Kohala Alternative Program.

Your Committee finds that an alternative program servicing students from Honokaa and Kohala High Schools is needed. Many of their students could be labeled as seriously alienated. This alienation results in poor attendance, disruptive behavior, and recurring academic failures. The special assistance needed by these alienated students is beyond existing resources. The goal of this alternative program is to ensure that each student is provided an opportunity to successfully complete his/her basic education.

Your Committee on Education is in accord with the intent and purpose of H.B. 950, and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 329 Education on H. B. No. 925

The purpose of this bill is to establish a permanent statewide school health services program for public schools of the State of Hawaii.

Your Committee finds that a school health services program was initiated under a pilot project established by Act 130, Session Laws of Hawaii 1970. This project did not, however, extend to all public schools at its inception, and presently continues as a pilot project.

Health is a matter of critical importance to the State of Hawaii, and the provision of adequate health services for children in public schools will help to ensure their general overall well-being. The establishment of a permanent program of such school health services on a statewide basis will provide for the uniform availability of school health services, so that the health needs of public school students will be met.

In consideration of this bill, your Committee has amended the bill to expand the program to all elementary schools in the State. In order to facilitate the selection and designation of school health complexes, the bill has been further amended to allow the Department of Health to select and designate the school health complexes in consultation with the Department of Education.

The bill has been further amended to provide for the establishment of nurse positions in the statewide school health services program. Each nurse must have at least three years of public health, school health, clinical, or hospital nursing experience. Your Committee further amends this bill by requiring that all positions involving responsibilities to supervise other nurses shall be at the RPN IV level.

These employee classification levels, your Committee finds, will allow the maximum establishment of the program, although these levels are lower than those presently employed in the pilot project. The bill provides that existing nurse positions occupied by employees on the effective date of the Act will not be affected, and that neither reduction in level nor compensation will result. The positions are required, however, to be downgraded in the event any incumbent vacates such a position, prior to hiring a replacement.

The additional nurse positions resulting are required to be filled at levels consistent with the Act, and, moreover, will be ten-month positions. Annual compensation of the additional nurses will be made on the basis of ten months service but the payment of the annual salary is required to be made over a twelve-month period so that no break in income will result. Existing transferred employees are maintained on their twelve-month salary bases, but all replacements for transferred employees in the event of a vacancy shall be paid on a ten-month base over a period of twelve months.

Your Committee has amended the bill further to provide for the transfer of all existing personnel upon the effective date of the bill to the new program proposed by the bill, in fairness to persons hired under the pilot project, without regard to their date of hire.

Your Committee finds that available information supports the continuation and expansion of the health services program, and that existing information, including an audit conducted by the Legislative Auditor, indicate that pilot project cost-benefit ratios have been positive. Cost per student is \$12 per year, a relatively small cost for many benefits for students and their parents. The equitable nature of the program is a positive feature, for it is aimed towards a large and broad-based target population, and provides all elementary level public school students equal health services, without regard to financial status, or the presence or absence of any handicapping condition.

Your Committee on Education is in accord with the intent and purpose of H.B. No. 925, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 925, H.D. 2, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 330 Water, Land Use, Development and Hawaiian Homes on H. B. No. 1713

The purpose of this bill is to sustain the momentum generated by the aquaculture planning program by insuring that immediate actions will be initiated to encourage and promote commercial development of aquaculture in Hawaii and to undertake the culture of species with potential for Hawaii.

It is also the purpose of this bill to qualify Hawaii for participation in federally assisted programs and projects in aquaculture by providing funds and in-kind services to match such federal funds as may become available.

Your Committee feels this bill would eliminate the problem that nothing can be done during the next fiscal year because of the lack of legislative authorization. The aquaculture plan is scheduled for completion by the end of this fiscal year, while the Legislature will not be meeting again until January 1978. Your Committee feels it would be imprudent to allow any slippage of time to occur in that interval of time. Therefore, this bill provides the means to continue interim actions that are vital to promoting and sustaining aquaculture development.

The bill has been amended by appropriating the sum of \$672,228 to the operating cost category and \$138,300 to the capital investment cost category.

Your Committee on Water, Land Use, Development and Hawaiian Homes is in accord with the intent and purpose of H.B. No. 1713, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1713, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 331 Water, Land Use, Development and Hawaiian Homes on H. B. No. 1422 (Maj.)

The purpose of this bill is to appropriate funds to provide aerial surveillance to control illegal activities within the forest reserves.

It is anticipated that small scattered plantings of marijuana in forest reserve areas such as the remote Na Pali Kona State Forest Reserve may increase as a result of a continuing campaign that the Kauai County Police force has launched on plantings in canefields, gullies, and fields closer to inhabited areas where the vice squad chief

reports the bulk of the drug volume presently exists.

Presently, the police department and health department officials have not been able to accomplish a thorough job in the remote Na Pali areas because of the need for costly helicopter travel for access. Division of Forestry employees have not been able to cooperate nor assist in the search and seizure missions conducted in remote areas, also because of the lack of helicopter travel funds.

In order to assist in the control and prevention of illegal drug activity in state land areas, your Committee recommends that during the next two years that funds be made available to allow for .20 hours of helicopter time per quarter. Based on a rental rate of \$250.00 per hour, the projected cost is \$20,000 per year.

Your Committee on Water, Land Use, Development and Hawaiian Homes is in accord with the intent and purpose of H.B. No. 1422 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee,
(Representative Larsen did not concur)

SCRep. 332 Water, Land Use, Development and Hawaiian Homes on H. B. No. 1082 (Maj.)

The purpose of this bill is to make an appropriation for the importation of eels of the order Anguilliformes for experimental or other scientific purposes.

Within the past few years aquaculture has become a major part of the State of Hawaii's over-all program of diversified agriculture. As economic problems continue to plague Hawaii's sugar, pineapple, and construction industries, the basic structure of Hawaii's economic stability is becoming totally dependent upon tourism.

Aquaculture, most notably eel farming, provides Hawaii with a viable alternative. Your Committee feels Hawaii is in an ideal situation to benefit from this expanding market because of its climate and geographical location which would reduce the grow out time of these eels from 18 to 10-12 months. The return on capital investment would be very rapid.

Today, the world market for eels is approximately 60,000 metric tons annually, with the greatest demands occurring in Europe and Japan. Your Committee feels eel farming is a viable commercial operation which has significant growth potential of a multi-million dollar industry due to increasing demand and decreasing availability of wild stocks.

Your Committee on Water, Land Use, Development and Hawaiian Homes is in accord with the intent and purpose of H.B. No. 1082 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.
(Representatives Blair, Larsen and Toguchi did not concur).

SCRep. 333 Water, Land Use, Development and Hawaiian Homes on H. B. No. 770

The purpose of this bill is to permit some variance to the minimum lot size standard to land owners in a rural district who have property that is just a few square feet short of the required one-half acre.

Landowners have repeatedly, either formally (through Special Permit) or informally, requested of the Land Use Commission to grant some variance to the minimum lot size standard. Under the present Statutes, it has been interpreted that the Land Use Commission does not have the authority to permit the establishment of lots less than one-half acre within the Rural District.

Your Committee feels this bill would allow the needed flexibility for reasonable and equitable land use within the Rural District by providing the Commission with a tool to meet this problem. There are an estimated 20 such cases that will be directly affected, so it should not be construed that this bill would be opening the door to the gradual urbanization of a rural district. One safeguard your Committee has inserted is that the provision shall apply to lots of record existing prior to January 1, 1977.

Other amendments include the provision that the variance petition may be processed under the Special Permit Procedure which was designed to add flexibility to the land use regulatory system. Your Committee feels that this procedure would better accommodate the purposes of this bill. Boundary change hearings are conducted under the quasi-judicial procedure. This procedure may be too complex and involved to handle a variance measure.

On page 3, from lines 2 to 9, your Committee has amended the bill to read: "except that within a subdivision, as defined in Sec. 484-1, the commission for good cause may allow one lot of less than one-half acre, or an equivalent residential density, within a rural subdivision and permit the construction of one dwelling on said lot, provided however, that all other dwellings in the subdivision shall have a minimum lot size of 18,500 square feet. Such petition for variance may be processed under the Special Permit Procedure."

This would allow a family to place two residences on a single property without subdividing, provided the property included a full one-half acre for the first residence and that portion of a half-acre hereafter decided to be adequate for the second residence, either by standard or showing of good cause.

Your Committee on Water, Land Use, Development and Hawaiian Homes is in accord with the intent and purpose of H.B. No. 770, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 770, H.D. 1, and be referred to the Committee on State General Planning.

Signed by all members of the Committee.

SCRep. 334 Water, Land Use, Development and Hawaiian Homes on H. B. No. 671

The purpose of this bill is to enable consistent rates by increasing loan fund interest rates; and, to reduce duplication of provisions contained in other proposals.

Section 215 of the Hawaiian Homes Commission Act must be amended. There exists the need for common terms to permit consolidated use for packaging and maximum use of available funds. The amendment to Section 215 (3) is proposed to adjust the interest rate on the Hawaiian Home Loan Fund.

Currently, interest on Department loan funds, except for the Hawaiian Home Loan Fund, is established at the rate of 2 1/2% or higher with interest payments deposited to the Hawaiian Home Operating Fund.

Other proposed amendments allow the distribution of interest payments not only to the operating fund but also to a general home loan fund and the development fund, thus increasing revenues for such activities as home construction, repair and maintenance, as well as off-site development.

Other amendments contained in the bill would eliminate provisions which are contained within other Department proposals and are, therefore, housecleaning in nature.

Your Committee on Water, Land Use, Development and Hawaiian Homes is in accord with the intent and purpose of H.B. No. 671 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 335 Water, Land Use, Development and Hawaiian Homes on H. B. No. 670

The purpose of this Bill, as amended, is to consolidate and revise the department's buy back provisions in the event of a surrender or cancellation of a lease.

The Bill, in its original form, was known as the "successor-ship" bill, which would 1) permit a lessee a free choice to name the successor to his estate, and 2) permit a lessee to name the successor who is less than 50% Hawaiian but not less than 25% Hawaiian. However, your Committee, after much deliberation, has deleted sections 208 and 209 from the bill (pages 1-10). Section 210 has been retained.

The proposed changes under Section 210 are intended to discourage speculation.

In the event that there are no qualified successors to the leasehold interest, or in the case of cancellation or surrender of a lease, the Department is obliged to "buy back" the improvements, less any outstanding indebtedness. Such costs are then passed on to the next lessee. Recent appraisals on improvements have ranged from \$3,000 to \$48,000.

The mandated "buy back" without any protective provisions has presented serious problems based on the limited financial resources available to potential applicants as well as the severe funding limitations of the Department itself. Also, especially with reference to surrender of leases, no safeguards currently exist against the damages of speculation.

These amendments to Section 210 will test the commitment of the lessee to reside permanently on Hawaiian Home lands, to improve the land for his benefit and not for speculation with public funds. The amendments include 1) the establishment of a 7 year minimum to coincide with the 7 year tax exemption. Any surrenders during this time period receive the cost of improvements, 2) the establishment of a maximum buy back amount to coincide with the loan amount ceilings established in the statute, and 3) no restrictions on improvements. However, some improvements may redeem the salvage value - the residual scrap or trade in value, the market value of the asset at the time of removal from service.

Your Committee on Water, Land Use, Development and Hawaiian Homes is in accord with the intent and purpose of H.B. No. 670, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 670, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRRep. 336 Water, Land Use, Development and Hawaiian Homes on H. B. No. 672

The purpose of this Act is 1) to provide for a Hawaiian Homes Commission member from the island of Molokai, 2) to provide the Department of Hawaiian Home Lands with authorization to hire exempt staff for special needs, and 3) to clarify the personal liability coverage for members of the Hawaiian Homes Commission.

The amendment to Section 202 is proposed to alter the present representation on the Hawaiian Homes Commission. Currently the Commission's membership consists of four residents from the City and County of Honolulu, one resident from the County of Hawaii, one from the County of Maui, and one from the County of Kauai. While the total Hawaiian Homes land acreage on Maui and Molokai are nearly equal, there are 89 lessees on Maui with 17 acres in homestead use compared to 291 lessees on Molokai with 7,834 acres in homestead use.

The geographical separation of these two homestead areas presents travel and time hardships for the one Commissioner from Maui County who is required under Hawaiian Homes Department Rules and Regulations (Section 2.09) to "...make himself available to the homesteaders in the area he represents, at reasonable times." The proposed amendment reduces the County of Oahu's representation, from four to three commissioners and increases the County of Maui's representation from one to two commissioners, requiring that one of these two shall be a resident of Molokai.

The amendment to Section 202 (b), providing the Department of Hawaiian Home Lands with authorization to hire short-term staff workers, is proposed to aid the Department in accomplishing its established goals and objectives. Personnel with advanced skills and field experience are sometimes required by the Department, yet not always on a permanent full-time basis. The proposed amendment will enable the Department to recruit personnel with proper skills to effectively implement their programs, accelerate housecleaning and provide training for existing staff.

The amendment to Section 222 deletes the specific amount of the bond required of the Chairman of the Commission to furnish and requires the members of the Commission to give bond also. Existing statutes already authorize the Governor to set the Commissioner's bond requirements, making the amount given in this Act redundant and unnecessary. The addition of Commission members to this section along with the Chairman is proposed to clarify existing laws which provide for coverage of executive commissions and boards under the liability and bonding aspects of the State.

Your Committee on Water, Land Use, Development and Hawaiian Homes is in accord with the intent and purpose of H.B. No. 672 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 337 Water, Land Use, Development and Hawaiian Homes on H. B. No. 1504

The purpose of this bill is to establish a four year pilot project to investigate and build a plant to use secondarily treated sewage as a resource in agriculture, aquaculture and recharge of the ground water system.

The water plan for Oahu shows that municipal and urban water requirements may exceed the available supply by the year 2000.

Studies in Florida, California, Massachusetts and elsewhere have shown that the technology is available to retrieve valuable nutrients from sewage. These nutrients that are now being discarded as waste can be used as the energy source for a valuable food production industry. The techniques of aquaculture make these activities possible.

By the application of already known sewage treatment techniques such as filtration, ozone and chlorination, the quality of this waste water can be raised to a level suitable for return to the environment as ground water recharge. The effect of such a program would be to double or triple the available water supply.

In light of the obvious benefits to the State in meeting the water needs of agriculture and industry, your Committee is in full support of this measure.

This bill has been amended to include the department of health.

Your Committee on Water, Land Use, Development and Hawaiian Homes is in accord with the intent and purpose of H.B. No. 1504, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1504, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 338 Water, Land Use, Development and Hawaiian Homes on H. B. No. 591

The purpose of this Act is to authorize counties to make special improvements and to assess the cost of such improvements against the land specially benefited at such rates as it deems necessary to pay the cost of the special improvements, and to establish the procedures for determining, approving and assessing the special improvements.

Under this Act, a definition of "special improvement" is provided to include by itself or in combination, such things as street or sidewalk widening or altering, construction of street lighting, storm drainage, water and sanitary systems, and underground construction and installation of utility facilities.

Your Committee feels that such an Act permits counties the flexibility to assess special improvements in whatever methodology it so decides to establish.

Your Committee has amended the bill to reflect the option of counties in utilizing this authority by deleting "shall have and" on page 1, line 6, and by deleting "shall" on page 1, line 11, and inserting the word "may" instead.

Your Committee on Water, Land Use, Development and Hawaiian Homes is in accord with the intent and purpose of H.B. No. 591, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 591, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.