

SCRep. 627 Judiciary on H.B. No. 1643

The purpose of this bill is to clarify statutory language relating to the point in time when the garnishee must effect the withholding required by the garnishee summons and to establish the amount the garnishee must secure.

Presently, some creditors use writs of attachment which are obtained without the procedural safeguards required for garnishment to reach a debtor's depository account. There is some question as to the validity of an attachment under such circumstances and may result in the garnishee being subject to potential double-liability when the attachment proceedings are used. The bill would prohibit the use of a writ of attachment in situations where garnishment is authorized under the law.

Your Committee found certain ambiguities relating to whether the garnishee is required to hold funds received after the service of the garnishee summons as part of the garnishee fund. The bill would specify which monies, goods and effects in the garnishee's possession at the time of the summons is subject to the court's order.

The bill would require the court to specify in the garnishee summons the amount or value of money, debt or goods and effects which are to be held. It also limits the amount that could be garnished to 120% of the amount claimed by the creditor. This is to prevent the situation where attachments for a minor claim have tied up substantial excess monies in the debtor's depository accounts.

The bill requires the court to make a determination at the hearing on whether or not the garnishee process should issue and also whether or not any of the property which the creditor seeks to garnish is exempt from execution. This amendment deals with the problem of depository accounts containing funds, which because of their source, are exempt from execution.

Finally, the bill clarifies the provision to allow a debtor to post bond at the initial hearing on whether a garnishee summons would issue thereby avoiding garnishment.

Your Committee has made minor technical changes in the bill to conform with present statutory language and bill drafting standards.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. 1643 as amended herein and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1643, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 628 Finance on H.B. No. 733

The purpose of this bill is to provide funding 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 Finance is in accord with the intent and purpose of H.B. No. 733, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 733, H.D. 1.

Signed by all members of the Committee.

SCRep. 629 Finance on H.B. No. 238

The purpose of this bill is to increase the filing fee for appealing any property tax assessment to the board of review, small claims court, and the tax appeal court.

This bill proposes to increase the small claims filing fee from \$3 to \$5. The maximum filing fee is raised from \$100 to \$200 and the minimum raised from \$5 to \$10 for appeals to the tax appeal court.

Your Committee finds that the current filing fees were established in 1957. The increase in administrative costs of processing the appeals have more than doubled since 1957. Therefore your Committee feels that increases in filing fees are justified.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 238 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 630 Finance on H.B. No. 236

This bill would make it possible for taxpayers with adjusted gross income of \$15,000 to have the option of filing short form returns.

Your Committee finds that since the adoption of the short form option for taxpayers with adjusted gross income under \$10,000 in 1968, many taxpayers' income have risen above \$10,000 that they may no longer utilize the convenient short form option.

In order to simplify tax filing, this bill extends the short form option to taxpayers with adjusted gross incomes of up to \$15,000.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 236 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 631 Consumer Protection and Commerce on H.B. No. 425

The purpose of this bill is to allow homeowners to perform emergency repairs on the water lines and appurtenances of their principal place of residence, provided that retail cost of materials does not exceed \$100.

Your Committee agrees that homeowners should have the right to make certain emergency repairs. However, to insure safety, your Committee believes that such exceptions to licensed activity should be a matter of the function and purpose of the repair instead of dollar value. To that end, your Committee has adopted the recommendations of the Plumbing and Mechanical Contractors Association of Hawaii, and has amended the bill to specify that such emergency repairs not involve the rearrangement of valves, pipes or fixtures, nor the replacement of fixtures served with backflow devices.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 425, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 425, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 632 Consumer Protection and Commerce on H.B. No. 1198

The purpose of this bill is to delete the requirement that an applicant for licensure as a degree granting institution be a non-profit educational corporation.

Present law stipulates that all degree programs must be offered by schools that are incorporated as non-profit. This law was initially adopted to protect consumers from fraudulent correspondence and residence schools.

However, according to testimony received by your Committee, profit versus non-profit incorporation has not proven to be a valid criteria by which to judge the educational worth of a school, and the present law is now prohibiting fully accredited and reputable schools from offering degree programs locally. Academic merit, performance and professional recognition of such schools applying for a license can be determined by the Professional and Vocational Licensing Division of the Department of Regulatory Agencies under this proposed measure.

Your Committee has adopted the recommendation of the Department of Regulatory

Agencies and has amended the bill to include educational institutions of other states among those schools which can be licensed under this bill. State supported colleges and universities generally are not incorporated. Therefore, under present law, there is some question whether they can be chartered as an educational corporation in Hawaii. If no provision is made in the law, these schools could be prohibited from offering their educational programs in Hawaii. The proposed amendments would make it clear that educational institutions of sister states can be licensed.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 1198, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1198, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Blair.

SCRep. 633 Finance on H.B. No. 865

This bill proposes to establish tax credits for state income tax purposes.

Your Committee finds that an investment tax credit will encourage the renovation and expansion of the capital facilities of industries in the State. Your Committee agrees that the credit limits are proper - 10 per cent of the value of "section 38 property", not to exceed \$20,000. In general, section 38 property is tangible personal property with a depreciable life of three or more years.

Your Committee further finds that the establishment of an employment income tax credit is an appropriate means to correct public assistance and unemployment problems in the State. This bill provides an employment tax credit to employers of persons who have been receiving state public assistance or unemployment compensation. The credit offsets wages paid up to a maximum of \$500 and may be claimed only if the individual has been employed full-time for at least seven consecutive months. An employer may not claim the credit for more than 20 qualified employees.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 865 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 634 Finance on H.B. No. 408 (Majority)

The purpose of this bill is to repeal funds appropriated for the establishment of a Statewide Transportation Planning Program and a Statewide Transportation Council.

House Standing Committee Report No. 391 states that the Department of Transportation has no objections to the elimination of these programs as of January, 1978.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 408 and recommends that it pass Third Reading.

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

SCRep. 635 Finance on H.B. No. 1354

The purpose of this bill is to provide moneys for a commission to develop plans by June 11, 1978, to construct and maintain a permanent memorial to mark the birth site of Kamehameha the Great.

Kamehameha the Great was a warrior-statesman and Hawaii's first "alii-nui" to successfully unify all of the islands in the Hawaiian archipelago. Under his just and wise rule, the people of Hawaii found an example of wisdom, courage and a deep respect for and service to mankind, which transcended all boundaries of national origin, creed and color.

The \$100,000 appropriated by this bill is to be expended in fiscal year 1977-78.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 1354, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1354, H.D. 2.

Signed by all members of the Committee.

SCRep. 636 Finance on H.B. No. 1398

The purpose of this bill is to provide a grant in aid to the Honolulu Symphony for educational programs.

In 1970-71 the Symphony received a state grant of \$200,000 to provide educational services to Hawaii's youth. Through this grant, the Symphony was able to provide services to the Neighbor Islands and expand its educational presentations. The 1974-75 grant of \$50,000 forced a curtailment to one-third of the 1970-71 presentations and an appropriation of \$37,500 appropriated in 1975-76 resulted in the elimination of tours to the Islands of Hawaii, Lanai and Molokai.

While your Committee recognizes that the geographical divisions within our state make it more costly to provide these services, your Committee believes that every child should have the opportunity to pursue and develop his or her own musical preferences by providing as many choices as is available through state support whenever feasible.

The bill provides a \$60,000 appropriation. Your Committee has amended the bill to specify that these funds are for the fiscal year 1977-78.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 1398, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1398, H.D. 2.

Signed by all members of the Committee.

SCRep. 637 Finance on H.B. No. 1162

The purpose of this bill is to establish the Pacific and Asian Affairs Council as a program within the Department of Budget and Finance.

The Pacific and Asian Affairs Council (PAAC) first began in 1925 as the Institute for Pacific Relations. A world affairs program devoted to promoting international understanding and mutual respect, it involves high school students on weekends and after school in statewide conferences and workshops which address problems of international scope.

Before 1967, PAAC was funded entirely through private gifts from individuals, corporations, trusts and foundations. However, private support could not keep up with the phenomenal growth of the program and in 1967, PAAC turned to the legislature for assistance.

Since 1976, PAAC has received legislative support of funds allocated first through the Department of Education; later through the community college systems; and most recently, through the University of Hawaii's College of Continuing Education and Community Service. However, there have been several instances where these funds have been denied by the administrative unit through which the moneys were channeled.

The bill provides \$85,000 for the 1977-79 fiscal biennium for the operation of the Council.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 1162, H.D. 1 and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 638 Finance on H.B. No. 1243

The purpose of this bill is to appropriate \$15,000 for papaya pesticide research to allow the pesticides to be registered with the Environmental Protection Agency.

Your Committee finds there are many EPA-registered pesticide products on the market which have clearance for use on major crops, but which are not cleared for use on papaya. One of the major reasons is the reluctance on the part of pesticide manufacturers

to expend considerable sums of moneys to obtain full EPA registration where the usage of the product is known to be comparatively small, such as on papaya.

Your Committee finds the College of Tropical Agriculture has the technical staff to conduct such experiments to allow for the registration of pesticides with the EPA, and should be the contracted research agency.

Section 3 of this bill has been amended to designate that the \$15,000 appropriation is for fiscal year 1977-78.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 1243, as amended herein, and recommends it pass Third Reading in the form attached hereto as H.B. No. 1243, H.D. 1.

Signed by all members of the Committee.

SCRep. 639 Finance on H.B. No. 1086

The purpose of this bill is to provide for a feasibility study which shall contain findings and recommendations concerning site selection, facility design, resource requirements and other considerations relating to the establishment and operation of a centralized egg processing facility.

Your Committee finds that Hawaii's egg industry produces 90% of the shell egg needs of the State. At this rate of self-sufficiency there are periods of surplus production which place an additional burden of producers to store large inventories under refrigeration. Some producers rent refrigeration space because their facilities are inadequate to handle a large volume of surplus eggs.

Your Committee finds that under local conditions, shell eggs begin to deteriorate rapidly in quality after three months of storage under refrigeration. Primarily because of high feed costs, locally produced eggs cannot compete in the export market. Under this situation, Hawaii's egg producers would lose their marketing advantage and flexibility.

The term "processing" in this bill includes the cleaning, breaking, pasteurizing, separating and packaging of shell egg including Grade B eggs and certain restricted shell eggs currently prohibited from sale through normal marketing channels. Such Grade B egg products may be frozen, kept liquid under refrigeration or dried. These "B" eggs are generally referred to as "breakers" in the trade and produce egg products used primarily by bakeries.

Your Committee finds that approximately 60,000 cases of "breakers" are produced on Oahu each year and these are sold directly to consumers at the various egg farms. These eggs could yield about two million pounds of egg products (yolks, whites, etc.) roughly equivalent to the amount imported each year.

Your Committee finds that all egg processing plants come under the Federal Egg Products Inspection Act of 1970. Under this Federal Act the centralized egg processing plant referred to in this bill would require continuous inspection during operation by a federal or state inspector.

Your Committee believes the feasibility study requested in this bill is a necessary prerequisite to the detailed planning and construction of an egg processing plant on Oahu. The study should include: (1) a thorough discussion with all major egg producers; (2) site selection on Oahu with respect to availability and cost of land; (3) general design and estimated cost of an egg processing facility; and (4) estimated operational cost based on the available number of "breakers."

Your Committee has amended Section 2 to specify that the \$30,000 appropriation is for fiscal year 1977-78.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 1086, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1086, H.D. 2.

Signed by all members of the Committee.

SCRep. 640 Finance on H.B. No. 481

The purpose of this bill is to provide a grant-in-aid to the Kauaikeolani Children's Hospital for funding of the Poison Information Center, including staffing, program development, supplies, and other expenses.

Your Committee finds that the Poison Information Center has provided maintenance of current and comprehensive sources of information concerning poisons. In addition, they have been providing 24-hour, seven-day-a-week services and recommending treatment of poison ingestion for physicians, hospitals and other health care facilities.

Your Committee further finds that this very important and necessary service has been afforded not only to the entire State of Hawaii but also to the Pacific Basin and Trust territory. In addition, the bill would ensure preventive effort through an educational program to best protect the people of Hawaii from serious harm or death from contacts with poisonous substances.

Your Committee has amended the bill by specifying that the \$64,000 appropriation is for fiscal year 1977-78.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 481, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 481, H.D. 2.

Signed by all members of the Committee.

SCRep. 641 Finance on H.B. No. 456

The purpose of this bill is to allow members of police departments to engage in political activity, except when on duty or when acting in their official capacities. The bill also provides for granting a leave of absence without pay to any member of a police department who becomes a candidate for elective office.

Your Committee concurs with the findings of the Committee on Public Employment and Government Operations in Standing Committee Report No. 174-77.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 456, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 642 Finance on H.B. No. 1297

The purpose of this bill is to modify the Governor's Committee on the Employment of the Handicapped.

The Committee on the Employment of the Handicapped is redesignated as the Commission on the Handicapped and shall assume the functions prescribed by this bill.

The functions of the Commission on the Handicapped will include but shall not be limited to:

1. Reviewing and assessing the problems and needs, and the availability, of adequate services and resources for the handicapped in the State of Hawaii with regard but not limited to employment, education, health, social services, recreation, civil rights, public facilities, housing, vocational training, and rehabilitation.

2. Advising and making recommendations to the State and the counties on matters relating to the handicapped and on matters which affect the handicapped, including legislative matters.

3. Develop short and long-term goals in fulfilling the needs of the handicapped, to be undertaken by the Commission in facilitating the coordination of services and programs for the handicapped.

4. Educating the public on the problems, needs, potentials, and rights of the handicapped through affirmative public education programs.

5. Seeking and receiving funds and other forms of assistance from public and private sources to be used in providing improved circumstances for the handicapped in Hawaii.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 1297 and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 643 Finance on H.B. No. 514

The purpose of this bill is to exempt persons operating pickup trucks for noncommercial purposes from truck fees.

When an operator submits proof of the noncommercial use of his/her pickup truck, your committee finds the payment of truck fees unnecessary. Your committee has also noted that there were no objections from the different counties to this bill.

Your Committee on Finance concurs with the intent and purpose of H.B. No. 514 and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 644 Finance 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.

As amended, the bill appropriates \$100,000 for fiscal year 1977-78.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 1491, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1491, H.D. 2.

Signed by all members of the Committee.

SCRep. 645 Finance on H.B. No. 973

The purpose of this bill is to appropriate \$20,000 to defray expenses involved in the sponsorship of the Pan Pacific Agricultural Conference in Hawaii.

Your Committee finds that the Hawaii Farm Bureau Federation, the Department of Agriculture, the College of Tropical Agriculture and the Department of Planning and Economic Development initiated planning for the first annual Pan Pacific Conference in 1976; the conference will be held in conjunction with the annual State Farm Fair.

Your Committee finds that the countries of Japan, the Philippines, Taiwan and South Korea have agreed to participate in the conference, the theme of which will be "Partnership in Agricultural Cooperatives and Government".

The conference will bring experts on agricultural cooperatives from various Asian countries as well as the continental United States, and will provide Hawaiian farmers with the opportunity to discuss the methods and operations that have made cooperatives such an important marketing tool in participating Asian countries.

Your Committee has amended the bill by providing a lapsing date of June 30, 1977.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 973, H.D. 1, as amended herein, and recommends that it pass Third Reading, in the form attached hereto as H.B. No. 973, H.D. 2.

Signed by all members of the Committee.

SCRep. 646 Finance on H.B. No. 423

The purpose of this bill is to appropriate \$91,600 to complete a research project being conducted by the College of Tropical Agriculture, University of Hawaii, to induce uniform ripening of the coffee cherry.

The continued economic viability of the Kona Coffee industry depends in large part on being able to improve the highly labor-intensive harvesting techniques. In its natural state, coffee ripens over a three to four month period, thus the harvesting must be done by hand over this extended period for two crops per year. Consequently, harvest labor accounts for more than 50 per cent of the crops total cost.

In 1975, the College began a six-year experimental program to induce uniform ripening of the coffee cherry. Initial experiments involved the application of a chemical which occurs naturally in the coffee tree; simultaneous ripening did occur allowing pickers to "strip" the tree, increasing the per picker harvest volume by four times.

However, on completion of roasting, the quality of the chemically-induced ripened coffee was judged to be of a lower quality than non-treated coffee cherries. Research is now directed toward cultural practices: pruning, growth regulator application, fertilizer application and irrigation to induce uniform flowering of the plant. Uniform flowering could possibly make chemically-induced ripening practical and could also possibly allow for partial mechanization of coffee harvesting by utilization of a "tree shaker" developed several years ago by the College.

The total dollar value of the Kona Coffee industry has doubled in the last two years, due to world market conditions, and industry experts predict prices should remain high for several years. If the College could develop practical methods of inducing uniform ripening of coffee cherries, the economic viability of the coffee industry would be substantially increased.

Your Committee has amended Section 4 by adding a lapsing date of June 30, 1980.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 423, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 423, H.D. 2.

Signed by all members of the Committee.

SCRep. 647 Finance on H.B. No. 96

The purpose of this bill is to protect Hawaii's children from all forms of child abuse by amending the child abuse law and to allocate additional resources for the purpose of child protective services.

In 1975, the Legislature amended the child abuse law to include mental injury in the definition of child abuse. However, public awareness of child abuse still remains limited to physical abuse and reporting of suspected non-physical abuse or neglect cases has been minimal. The term "mental injury" seems to be too limited in its application. Therefore, it is proposed that the term "psychological abuse and neglect" be utilized since it functions as a more inclusive term than "mental injury" by covering the whole range of non-physical maltreatment. The director of social services and housing should be authorized to further define the specific forms of child abuse and neglect as established in Section 350-1, Hawaii Revised Statutes.

Chapter 350, Hawaii Revised Statutes, requires all coroners to report suspected instances of child abuse. However, some counties utilize the term "medical examiners" rather than "coroner" and these officials are not covered under the reporting requirements of Chapter 350. This bill includes references to medical examiners to fill this gap in Hawaii's child abuse reporting law.

This bill also proposes to include police officers as a reporting source to further insure that suspected cases of child abuse are being identified.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 96, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 648 Finance on H.B. No. 1075

The purpose of this bill is to provide tuition waivers for national guardsmen attending any campus of the University of Hawaii as an incentive to join the Hawaii National Guard.

This bill limits tuition waivers to guardsmen who: 1) are enlisted personnel; 2) are not receiving G.I. bill benefits; and 3) who intend to be full-time undergraduate students of any campus of the University. Tuition for night school and summer sessions are not covered by this bill.

In addition, this bill requires a certification by the Hawaii National Guard in order to qualify a guardsman for a tuition waiver.

Tuition waivers provided by this bill shall be in addition to any other tuition waivers. A provision has been included to indicate that if the United States Congress enacts a similar law, such law shall preempt this measure.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 1075, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 649 Finance on H.B. No. 95

The purpose of this bill is to develop and implement a pre-retirement education program that shall:

1. establish a program of pre-retirement counseling for employees of the public and private sector who do not have access to such a program; and
2. train counselors and educators in the private and public sectors in the relevant aspects and curricula of, and the necessary skills relating to, pre-retirement counseling.

Your Committee has amended the bill to provide an appropriation of \$70,000 for fiscal year 1977-78.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 95, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 95, H.D. 2.

Signed by all members of the Committee.

SCRep. 650 Finance on H.B. No. 591

The purpose of this bill 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 bill, 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.

This bill will provide to a county the flexibility to assess special improvements in whatever methodology it so decides to establish.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 591, H.D. 1 and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 651 Finance on H.B. No. 433

The purpose of this bill is to provide for designation of precinct officials as voter

assistance official at the polls and also calls for an increase 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.

Your Committee agrees that the compensation should be raised \$5 per official and this bill is accordingly amended by your Committee. The voter assistant official pay is set at \$45.

Your Committee has also amended the effective date to be July 1, 1978.

Your Committee on Finance is in accord with the intent and purpose of H.B. 433, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 433, H.D. 1.

Signed by all members of the Committee.

SCRep. 652 Finance on H.B. No. 307

The purpose of this bill 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 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.

This bill will 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 recommends that this bill be amended to leave the maximum amount awardable unchanged by deleting section 3.

Your Committee has added a severability clause as a new section 3.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 307, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 307, H.D. 2.

Signed by all members of the Committee.

SCRep. 653 Finance on H.B. No. 1285

The purpose of this bill is to provide support for the Law of the Sea Institute.

The Law of the Sea Institute is a vital international forum for the discussion of ocean law, especially as it applies to the distribution of the world's marine resources. There is a need to focus on the Pacific basin area, and the establishment of the Law of the Sea Institute at the University of Hawaii provides this focus.

Your Committee notes that support of this Institute by the State Legislature further legitimizes our official recognition that Hawaii is intimately involved with Law of the Sea issues.

As amended, the bill provides \$23,000 to be expended by the University of Hawaii Office of Marine Programs for the Law of the Sea Institute in fiscal year 1977-78.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 1285, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1285, H.D. 2.

Signed by all members of the Committee.

SCRep. 654 Finance on H.B. No. 650

The purpose of this bill 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.

Your Committee agrees with the views and findings expressed in House Standing Committee Report No. 187 which are incorporated herein.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 650, H.D. 1 and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 655 Finance on H.B. No. 136

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

Your Committee has amended the bill to specify that the \$50,000 is for the 1977-79 fiscal biennium.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 136, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 136, H.D. 2.

Signed by all members of the Committee.

SCRep. 656 Finance on H.B. No. 952

The purpose of this bill is to provide funds to the Department of Agriculture for the operation of a statewide young farmers program. The Cooperative Extension Service of the College of Tropical Agriculture, under contract to the Agriculture Department, has conducted 11 classes with a total enrollment of 253 young farmers on the Islands of Maui, Kauai, Oahu and Hawaii, and is currently organizing five other classes with a projected enrollment of 175. Topics of the certificated courses range from farm management to fruit tree plant propagation to farm structure carpentry.

The average age of the Hawaiian farmer engaged in diversified agriculture is 53 years. The statewide organization of certificated courses for young farmers is an excellent means of encouraging interest, helping young farmers make a commitment to the industry, and developing expertise in new techniques and methodologies of farming.

The financial requirements to continue the program will be \$50,000 for each fiscal year of the biennium. Your Committee has amended the bill by providing a \$50,000 appropriation for fiscal year 1977-78 to continue the operations of the young farmers program.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 952, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 952, H.D. 2.

Signed by all members of the Committee.

SCRep. 657 Finance 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 Finance is in accord with the intent and purpose of H.B. No. 634 and recommends it pass Third Reading.

Signed by all members of the Committee.

SCRep. 658 Judiciary on H.B. No. 1472

The purpose of this bill is to amend section 291-1, Hawaii Revised Statutes, relating to reckless driving or riding of animals by clarifying the condition of the action of the driver violating this provision.

Present statutory language requires that a violation of this section must be a result of "a wilful or wanton disregard for the safety of persons or property". This standard is so strict that only the most serious violations of this section can be proven in a court of law. Amending the provision by substituting the word "reckless" to define the condition of operation of a motor vehicle or riding of an animal, will broaden the application of the law and cover those alleged violations for which the law was intended.

Your Committee on Judiciary has amended H.B. No. 1472 to delete the term "heedless". Your Committee found that the term "reckless" encompasses the legal sense of "heedless" and therefore is redundant.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 1472, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1472, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 659 Judiciary on H.B. No. 1097 (Majority)

The purpose of this bill is to expand the medical care and services available to minors without parental consent to include family planning services.

In 1975, the legislature gave minors the right to medical care and services without parental consent where the minor professes to be pregnant or afflicted with venereal disease. The intent of the law was to provide minors with the right to privacy and the right to make responsible decisions regarding their health. Coupled with this affirmation of individual rights, the legislature was also concerned about the increased incidence of venereal disease and pregnancies among minors and its health attendant problems. Removing the requirement of parental consent for medical services in certain health problems was intended to encourage minors to seek treatment.

Testimony presented before your Committee revealed the need to provide family planning services for minors. Studies and statistics detailed in committee indicated the birth rate among teenagers has risen and continues to rise and the provision of family planning services to minors would do much to alleviate the problem.

Presently, 26 states and the District of Columbia have laws allowing minors to receive family planning services without parental consent. Moreover, it is presently a practice of the federal government to allow family planning services to be provided to minors under the Medicaid program without requiring parental consent. In addition, a recent Supreme Court ruling prohibits states from requiring parental consent for minors receiving family planning services under Medicaid.

Your Committee also is aware that recent Supreme Court decisions have reaffirmed the constitutional rights of minors by stating that such rights are applicable to all persons regardless of age. According to the court, minors are protected by the constitution and possess constitutional rights.

Your Committee believes that communication between parents and their children should be encouraged and that optimally, parents should be involved in medical treatment of their children. However, your Committee feels that minors should not be prevented from receiving medical services where a condition of open communication does not exist within the family.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 1097, H.D. 1 and recommends that it pass Third Reading.

Signed by all members of the Committee.
(Representatives Ueoka and Medeiros did not concur.)

SCRep. 660 Judiciary on H.B. No. 776

The purpose of this bill is to provide a penalty for the removal, disturbance, or disposal of a corpse or remains of a human body which appears to have come to death under circumstances set forth in section 841-3, Hawaii Revised Statutes, that is, as a result of violence, accident, suicide, or suddenly when in apparent health, or unattended by a physician, or in prison, or in a suspicious or unusual manner, or within 24 hours after admission to a hospital or institution. Your Committee amended the bill to provide that noncompliance with the section would be a violation, because your Committee felt that the punishment contained in the bill was too harsh for the offense involved.

Your Committee heard testimony to the effect that under present law, no penalty is provided, and there is no way to enforce the present section without first obtaining a court order. Your Committee was also informed that several cases have occurred where bodies have been moved, resulting in lengthy, complicated criminal investigations which finally resulted in a determination that the subjects had died of natural causes, accident or self-induced drugs.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 776, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 776, H.D. 1.

Signed by all members of the Committee.

SCRep. 661 Judiciary on H.B. No. 805

The purpose of this bill is to amend the Uniform Parentage Act by expressly providing that trials of civil actions under the chapter shall be by the court without a jury. An additional purpose of the bill is to provide for repeal of the section dealing with the right to counsel and for free transcripts on appeal.

Your Committee was informed that although section 584-14 is entitled "Civil action; jury.", the section does not contain any language providing for a jury trial in proceedings under the Uniform Parentage Act. The model act expressly provides for trial by the court without a jury. However, the provision was omitted from Act 66, Session Laws of Hawaii 1975. Your Committee concurs with the National Conference of Commissioners on Uniform State Laws that use of a jury is not desirable in the emotional atmosphere of cases of this nature. Your Committee has amended the bill by deleting the word "jury" from the title of Section 584-14.

Your Committee also amended the bill by amending section 584-9 to provide that the county attorney or corporation counsel would represent the person bringing an action pursuant to section 584-6 to determine the father-child relationship. The present statute provides for representation of the mother, but does not provide for representation of an alleging father who wants to have the father-child relationship determined. Your Committee believes that counsel should be provided for the party who brings the action.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 805 H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 805, H.D. 2.

Signed by all members of the Committee.

SCRep. 662 Consumer Protection and Commerce on H.B. No. 1667

The purpose of this bill is to enable public utilities to recover all losses for damages or destruction to public utility property caused by negligent persons. Typically, damage results from vehicles colliding with poles, although damage occurs in other instances such as when contractors or other persons damage underground utility lines during excavation work.

Currently, in most cases, the negligent party has liability insurance and most insurance companies already pay the full cost of repairs. Your Committee understands from the testimony received that a dispute exists between few insurance companies and public

utility companies over the extent of reimbursement for injuries suffered. The arguments have been related to depreciation credits and overhead costs such as engineering, administration, and transportation charges.

If the costs are not recovered from the negligent party who damages the property, or his insurer, the costs must be charged to the utility's general operating and maintenance expenses and, which in turn, is passed to the ratepayers. Your Committee feels that it is only proper that the person causing the damage should pay the costs rather than the ratepayer.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 1667 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 663 Consumer Protection and Commerce on H.B. No. 48

The purpose of this bill is to improve certain provisions of Hawaii law relating to medical professional liability to create a more equitable and efficient method of handling problems of medical malpractice insurance.

Act 219, Session Laws of Hawaii 1976, established a chapter on "Medical Torts" to alleviate the problems of rising medical malpractice insurance costs, to decrease legal costs, to impose sanctions on errant health care providers, and to provide and improve the machinery for resolving patient grievances against health care providers.

Section -1 of Act 219 is amended to delete as one purpose of Act 219, the imposition of sanctions on errant health care providers. The current language could be read to mean that the legislature believes there are errant health care providers and since that would be an incorrect reading, that particular purpose has been deleted.

Section -1 of Act 219 is amended to provide a new definition of health care provider. The intent of this amendment is to make clear that osteopathic physicians and surgeons licensed under Chapter 460 and dentists licensed under Chapter 448 are not within the ambit of health care provider.

In the original form of the bill, section -2 of Act 219 was amended to include the proviso that if a patient recovered monies from the patients' compensation fund, the plaintiff's attorney fees could not exceed fifteen per cent of the recovery from the fund. Thus, for awards over \$100,000, the attorney would be compensated at the rate of either thirty three and one-third per cent of or forty per cent of \$100,000 plus fifteen per cent of the excess over \$100,000. After careful consideration, your Committee has amended this section of the bill to allow reasonable attorney fees but mandate that the amount be set by a court of appropriate jurisdiction on a case by case basis rather than by inflexible legislature fiat.

Section -11 of Act 219 provides for a medical claim conciliation panel to review and render findings and advisory opinions on liability and damage issues when a medical tort is alleged. To insure that appropriate persons are available to serve, a list of twenty-five doctors and lawyers is kept. The amendment to Section -11 of Act 219 would increase the number to not less than 35 attorneys and not less than 35 physicians. The increase is sought because the large number of cases which have been filed makes it difficult to form a sufficient number of panels with the limited number of prospective panel members.

In the original form of the bill, it was proposed that panel members be paid a \$100 a day, such payment to be borne by the plaintiff and the defendant. This proposed amendment has been deleted from the bill since lack of compensation has not proven to be a deterrent to finding panel participants. The amendment discussed in the last paragraph is designed to solve any manpower problems.

Under present law, all physicians and surgeons must have malpractice insurance coverage in order to obtain and maintain their Hawaii medical licenses. Further, all physicians must contribute to the patients' compensation fund which insures physicians for liability in excess of the basic insurance required for licensure. Because of the relatively high cost of medical malpractice insurance, this mandatory insurance requirement has caused hardship for some doctors. Doctors who are starting out in practice may

be unable to afford the coverage required. Doctors who are semi-retired and have a limited practice find it economically unfeasible to carry malpractice insurance because the income derived from their limited practices cannot offset the cost of insurance. The law, in effect, requires all doctors to carry unlimited insurance coverage and doctors in lower risk categories do not feel the need to carry such coverage.

In order to rectify these difficulties, the bill removes the mandatory insurance requirement, makes participation in the patients' compensation fund optional, limits the liability of the fund and allows the insurance commissioner to set the coverages to be offered by the fund. Under the bill, health care providers who wish to participate in the fund must purchase medical malpractice insurance in the private market in the following amounts: For individual physicians and surgeons - \$100,000 per claim and \$300,000 per policy period aggregate; for hospitals - \$100,000 per claim and \$1 million per policy period aggregate. The fund will offer coverage in excess of the basic coverage in amounts to be set by the insurance commissioner to a maximum liability of the fund of \$1 million per claim and \$5 million per policy period aggregate. The limitation of the liability of the fund should allow a reduction in the surcharge for the fund and the flexibility in offering coverage by the fund will allow the insurance commissioner to offer coverage suited to the needs of health care providers.

The bill also eliminates the present requirement that the patients' compensation fund accumulate \$5 million by September 1, 1981. The elimination of this requirement will give the insurance commissioner flexibility to set the surcharge based on the actual loss experience of the fund and the number of physicians who elect to participate in the fund. It will permit lower surcharges if the fund has a low loss experience and it is determined that a longer period to accumulate \$5 million is actuarially sound. However, if on January 31 of any year the fund exceed \$5 million, the insurance commissioner will reduce or waive the surcharge to maintain the fund at an approximate level of \$5 million.

Additionally, Act 219 is amended to provide that the fund will pay the entire amount of the award if the alleged medical tort occurred ten years prior to the filing of a claim with the medical claim conciliation panel. This is especially important in meeting the "long tail" problem in setting rates for medical malpractice insurance.

Under present law, the statute of limitations for bringing a medical tort action is two years after the patient discovered, or should have discovered, any injury caused by any alleged malpractice, with an outside limit of six years after the occurrence regardless of the time of discovery. Further, in the case of a minor, the statute of limitations is tolled until the minor reaches majority (18 years). Thus, for a person who is injured at birth, there is a possible delay of 24 years before an action is brought for recovery (18 years tolling during minority plus 6 years statute of limitations). Because of inflation and the increasing number of claims, this long delay--or "long tail"--adds great uncertainty to rate-making. This uncertainty leads to higher rates as insurers fudge to leave room for judgments that may be awarded long after the injury.

To limit the liability of the fund, a provision is added that such payments shall be subject to the limits of liability coverage purchased from the fund by the health care provider and the limitation of actions for medical torts. Additionally, evidence indicates that at the end of ten years, 98.3% of all cases have been filed in the case of minors and 99.9% in the case of adults. Thus the increased costs to the fund should be minimal, and will be offset by a reduction in insurance rates by private insurance companies.

It should be noted that this does not change the statute of limitations at all. It is still possible to file a suit for an injury at birth within 24 years of the injury but the total award, if any, will be paid from the fund rather than from the insurer thus relieving insurers of worry over a long-tail. This should reduce rates since companies will not have to pay for such judgments but insurers will no longer need to leave a big safety margin for cases that may be filed in the twenty-fourth year.

Section 323D-12, 453-2, and 453-8 of Hawaii Revised Statutes have been amended to reflect the repeal of the mandatory provisions of section -36 of Act 219.

Section 453-8 of Hawaii Revised Statutes has been further amended to delete prior drug addiction as a cause or revocation, limitation or suspension of license. The purpose of this amendment is to encourage rehabilitation and not discourage it as current law might.

Section 453-8 of Hawaii Revised Statutes has been further amended to delete the performance of any surgical or medical treatment contrary to accepted medical standards as

a cause for revocation, limitation or suspension of license. The existence of this provision may serve to inhibit doctors from utilizing innovative techniques still not accepted by most doctors and thus may hamper the progress of medical science.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. 48, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 48, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 664 Consumer Protection and Commerce on H.B. No. 785

The purpose of this bill is to allow the insurer to set aggregate limits for optional additional insurance in a "no-fault" insurance policy provided the basic liability coverages are not less than \$25,000 per person for bodily injury nor less than \$10,000 for property damage.

It is not the intent of this bill to detract from the infinity provision with respect to the \$25,000 per person bodily injury limit required by law. There would still be at least \$25,000 per person available, though the aggregate limits are exceeded.

According to testimony by the State Motor Vehicle Insurance Division, additional coverage without an aggregate or per occurrence limit is difficult to rate actuarially, may impair an insurers' solvency in the event of catastrophe or shock-loss, and makes it impossible for insurers to determine the amount of reinsurance needed to protect themselves from such loss. Also, the increased cost of reinsurance which may result from a lack of aggregate limits is eventually borne by the policyholder.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 785, and recommends that it pass Second Reading in the form attached hereto as amended herein as H.B. No. 785, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 665 Consumer Protection and Commerce on H.B. No. 985

The purpose of this bill is to conform Hawaii laws governing corporations to generally recognized standards of corporate practice.

The bill would empower Hawaii corporations to indemnify present or past directors, officers, employees, or other agents against expenses, judgments, fines, and settlements incurred in connection with a proceeding against that person provided the action in controversy was taken in good faith and in a manner the person reasonably believed to be in or not opposed to the best interests of the corporation. If the proceeding is criminal in nature, the person must have had no reasonable cause to believe his conduct was unlawful. Whether this standard has been met depends upon action taken by either uninvolved directors, stockholders, independent legal counsel or by the court where the proceeding was had. The court is empowered to order indemnification even though the corporation is opposed to such an order.

Present Hawaii law only permits indemnification of directors and officers, past and present, for expenses reasonably incurred in defending in civil or criminal proceedings related to corporate actions, except where the director or officer has engaged in misconduct or has been adjudged negligent.

Present Hawaii law does not address the question of indemnification of fiduciaries of an employee benefit plan or trust under the recently implemented Federal Employee Retirement Income Security Act of 1974 ("ERISA"). This bill permits corporations to indemnify such fiduciaries to the extent permitted by federal law.

In a derivative proceeding, indemnification is limited to the reasonable expenses of defending against the suit and not for the amount of the judgment or settlement. As in the case of other types of actions, a standard of good faith and reasonable belief that the action was in or not opposed to the best interests of the corporation must be met prior to indemnification. However, should the court determine that the person

is liable for negligence or misconduct, then he is not eligible for indemnification unless the court orders such for proper expenses.

The bill permits, unless otherwise provided in the corporate articles or bylaws, members of the board of directors or a committee of the board of directors to take action without a meeting if all of the directors or committee members sign a written consent or written consents stating the action to be taken. This provision is intended to permit prompt action when such is required and to permit routine board action without the necessity of a physical meeting.

Section 416-18 has been amended by providing that each Hawaii corporation must have at least two persons as officers. Present law can be read as permitting one person to hold all corporate offices, a reading which conflicts with various Hawaii regulatory and reporting requirements calling for the signatures of two corporate officers. The bill resolves the conflict in favor of a minimum two-officer requirement for Hawaii corporations.

Section 416-72 relating to stockholders' meetings has been amended by providing that unless dispensed with by unanimous stockholder consent, a stockholders' meeting must be held at least once each year after the year of incorporation. Additionally, stockholders' meetings may be held within or without the state and if no place is stated or fixed for a stockholders' meeting, the meeting is to be held at the principal place of business of the corporation. Based on testimony, Hawaii appears to be the only state in the country which does not permit stockholders to hold meetings outside the state. This will permit corporations to hold such meetings where it is most convenient for shareholders. The dispensing of annual meetings is most likely in closely-held, owner operated corporations or wholly owned subsidiaries.

Section 416-79 has been amended by providing that the directors will adopt the initial bylaws of the corporation and permits the directors to amend, repeal or add bylaws. Since the bylaws regulate the internal affairs of the corporation, your Committee concludes that it is appropriate that the directors, who have general powers to manage the affairs of the corporation, should also have the power to amend the bylaws. However, if this power is reserved to stockholders by the articles of incorporation, then the directors may not amend, repeal or add bylaws. This practice is the law in all other states except Hawaii.

Your Committee has adopted the recommendation of the Department of Regulatory Agencies and has amended the bill to provide that the initial bylaws of a corporation can be adopted by the incorporators as well as the board of directors.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 985, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 985, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 666 Finance on H.B. No. 828

The purpose of this bill is to provide funding 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 finds that additional appropriations are not now needed. Your Committee, therefore, has deleted sections 3 and 4 relating to additional appropriations.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 828, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 828, H.D. 2.

Signed by all members of the Committee.

SCRep. 667 Finance on H.B. No. 261

The purpose of this bill is to tax certain real estate salesmen in the same manner as real estate brokers who are not employees are taxed under HRS section 237-18(f) of the state general excise tax law.

Under the present provisions of HRS section 237-18(f) as it relates to persons in the real estate business, only brokers who are not employees are subject to taxation and required to obtain a gross excise license. The language of this bill, as amended by your Committee, will extend the tax to "salesmen" who are not employees. As a result, they will also be required to obtain a gross excise license. The salesmen will become directly liable for the tax on the portion of commissions received by them. This bill will clarify a cost aspect related to the doing of business by such salesmen who will now have the same benefit that brokers who are not employees enjoy on "split-commissions".

Your Committee agrees with the intent of this bill and recommends that the following amendments be made to conform usage of terms to HRS chapter 467, which deals with the licensing of real estate brokers and salesmen, by deleting references to "agents":

1. On lines 5 and 6, change "real estate" [brokers] agents, including brokers or salesmen to read "real estate brokers or salesmen".
2. Same change on lines 9 and 10.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 261, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 261, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 668 Finance on H.B. No. 91

The purpose of this bill is to ensure medical, social, and legal services to rape victims, who are vulnerable to extreme emotional stress which 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 victims of sexual assault with sensitive and thorough care through medical, crises 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 receive some State support.

As amended, the bill appropriates \$100,000 for fiscal year 1977-78 to partially fund the operations of the Sex Abuse Treatment Center.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 91, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 91, H.D. 2.

Signed by all members of the Committee.

SCRep. 669 Finance on H.B. No. 98

The purpose of this bill is to provide tax exemptions to persons age 60 and over on the purchases of prescription drugs.

The majority of the target group this bill addresses itself to are retirees on low fixed incomes. In accordance with the Master Plan for the Elderly developed by Gordon Associates and adopted by the State, there is a significant drop in income at age 60 and over. A tax exemption on prescription drugs would enhance the elderly's already fragile incomes.

To identify a person age 60 and over, this bill requires that presentation of a driver's license, birth certificate, or a State or county identification card is sufficient and acceptable.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 98,

H.D. 1 and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 670 Finance on H.B. No. 1061 (Majority)

The purpose of this bill is to provide that in actions to quiet title, the State may be joined as a defendant only when it is an adjoining property owner and the same is alleged by the plaintiff or if the party asserting the claim can show by way of a title search that the State has a clear and specific interest in the subject matter of the suit, adverse to the plaintiff's claim.

The State is often joined as a defendant for the reason that the State may claim an interest in the property.

The State is often required to expend funds and time merely to determine that the State has no interest. Your Committee believes that this bill will clarify the State's position in quiet title actions and will eliminate unnecessary expenditures where the State has no interest.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 1061, H.D. 1, and recommends that it pass Third Reading.

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

SCRep. 671 Finance on H.B. No. 505

The purpose of this bill is to establish an eleven member Nursing and Care Home Advisory Council within the Department of Health.

This bill proposes important considerations that are essential to the Department of Health in execution of its duties relative to licensing, control, development, and enforcement of rules pertinent to nursing homes and care homes.

Your Committee is in agreement with the desirability and need for the establishment of a nursing and care home advisory council.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 505, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 672 Finance on H.B. No. 1523

The purpose of this bill is to provide funds to the Hawaii Medical Library, Oahu, for books, journals, and associated operating costs for the library.

The library, which is located at Kinau Hale, is frequently used by the Department of Health, physicians, and students of the Schools of Medicine and Nursing.

Your Committee finds that the Hawaii Medical Library is an essential resource for medical information and data.

As amended, the bill provides \$25,000 for the fiscal year 1977-78.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 1523, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1523, H.D. 1.

Signed by all members of the Committee.

SCRep. 673 Finance on H.B. No. 1012

The purpose of this bill is to provide a \$100,000 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.

The bill has been amended to specify that the \$100,000 grant-in-aid is for fiscal year 1977-78.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 1012, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1012, H.D. 2.

Signed by all members of the Committee.

SCRep. 674 Finance on H.B. No. 66

The purpose of this bill is to provide for increased security at the Hawaii Youth Correctional 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.

As amended, the bill appropriates \$70,000 for fiscal year 1977-78 for the purpose of increasing the number of security personnel at the Hawaii Youth Correctional Facility.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 66, H.D. 1, as amended herein and recommends that it pass Third Reading in the form attached hereto as H.B. No. 66, H. D. 2.

Signed by all members of the Committee.

SCRep. 675 Finance on H.B. No. 1001

The purpose of this bill is to amend Section 243-6, Hawaii Revised Statutes, so as to clarify that bikeways are included in the category "public highways", and therefore qualify for the expenditure of fuel tax revenues deposited in the State and County Highway Funds Accounts. In addition, Section 6 of this bill amends Section 265-63, Hawaii Revised Statutes, to provide that no vehicle shall go upon a bicycle lane or bicycle path except for certain specified reasons.

Your Committee finds that motorists and bicyclists alike benefit from the construction or designation of separate lanes and other facilities for bikes, which result in increased safety and improved traffic flow. The modification of statutory language of 243-6 in this bill authorizes the continuation of existing bikeway funding practice in order to accomplish these ends.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 1001, H.D. 1 and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 676 Finance 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 it is in order to compensate for the loss of spending power due to inflation and an increase in tax exemption from \$5,000 to \$7,000 is fair and equitable.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 592 and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 677 Finance 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 half-time 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 has made technical amendments to conform this bill to 1976 amendments and to the Hawaii Revised Statutes.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 197, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 197, H.D. 1.

Signed by all members of the Committee.

SCRep. 678 Finance on H.B. No. 160

The purpose of this bill is to establish a general aviation airport at Barbers Point Naval Air Station, Oahu.

Your Committee finds that the growth in general aviation activities at Honolulu International Airport (HIA) has resulted in a dangerous mix of light aircraft with much heavier jet aircraft in an airport environment where traffic levels are approaching the airports runway capacity.

Your Committee after reviewing the "Site Selection Report" prepared by Kentron (the DOT's consultant) concludes that Barbers Point NAS is the most logical of the sixteen sites screened by Kentron. More importantly, Barbers Point NAS is ranked first in air safety among the sixteen (16) sites, with Waipio ranking 6th; Kunia B, 9th; Ewa B, 10th; and Kunia A, 12th.

In addition to air safety, your Committee is especially concerned about the land use planning considerations, and in particular the impact on agriculture. Again, of the sixteen possible sites Barbers Point NAS is ranked first. More importantly, Barbers Point NAS is the only one that will not require the taking of prime agricultural land.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 160, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 679 Higher Education on H.B. No. 81

The purpose of this bill is to ensure the transferability of courses taken by students at the community colleges in contemplation of subsequent transfer to any four-year campus of the University of Hawaii system.

Your Committee finds that presently students taking courses at the community colleges with the intent that they will receive full course credit therefor towards the requirements of baccalaureate programs at the four-year campuses are not receiving full credit for the coursework undertaken. The numbers of credits taken are transferred but are not applied to specific course requirements of the baccalaureate programs. Students thus are credited with elective credits rather than substantive subject matter credits,

and often must enroll in basic courses again, in order to meet the baccalaureate program requirements.

The full and free crediting of lower-division courses taken in contemplation of transferring to a baccalaureate program should be ensured. Your Committee finds that this problem has been in existence for several years, and has not been resolved by appropriate administrative action of the University of Hawaii system. Your Committee accordingly believes that legislative resolution of the problem is appropriate, particularly in consideration of a possible gap in communication between the various campuses of the University of Hawaii system which has worked to the detriment of students seeking higher education. This bill will not affect the qualitative standard of course offerings, nor will it require uniformity of degree programs for all University campuses. The University will bear the responsibility for ensuring that college transfer courses are substantively equivalent and that students may continue to pursue a program of study which suits their respective needs.

Your Committee has amended the bill to clarify the transferability of college transfer courses for both numerical credit and subject matter purposes. The bill has been amended to require the use of uniform designation of college transfer courses within the entire University of Hawaii system, so that in the event a four-year program requires students to take a course, for example, English 101, a student at any community college enrolling in an English 101 course will receive the identical numerical and substantive credit for the course as the student taking the course at the four-year campus. Course designations for courses of lower levels or of different subject matter content thus would be required to bear different designations, providing students with clear indications of the includability of the course credit in the event of transfer to a four-year program.

The bill has been further amended to require the University of Hawaii to provide students information on the college transfer courses with their registration materials, in order to provide students timely information, beginning with the Fall, 1977 semester.

Your Committee on Higher Education is in accord with the intent and purpose of H.B. No. 81, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 81, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 680 Ecology and Environmental Protection and Water, Land Use, Development and Hawaiian Homes on H.B. No. 1463

The purpose of this bill is to amend the State Exceptional Trees Act, Chapter 58, Hawaii Revised Statutes, to exclude trees involved in commercial forestry operations in each county from the definition of "exceptional trees".

Under present law any designated exceptional tree is protected from profit-making harvesting activities. However, forestry operations in Hawaii rarely threaten individual trees deserving the designation "exceptional". Most operations, as stated in testimony, affect only introduced species.

Concern was expressed that existing exceptional trees within a commercial forestry area or a proposed area for commercial harvesting activities would no longer be protected by law should this amendment be enacted. The purpose of this bill is not to repeal the protective provisions for exceptional trees but to assure prospective commercial tree planters that their future trees would not be declared "exceptional" prior to actual harvesting.

Your Committees have amended this bill by deleting "involved in" on page 2, line 3 of the bill, and inserting "planted for" so that this bill, as amended, would not affect existing individual designated exceptional trees located within an area being harvested or proposed for commercial harvesting.

Your Committees on Ecology and Environmental Protection and Water, Land Use, Development and Hawaiian Homes is in accord with the intent and purpose of H.B. No. 1463, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1463, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committees except Representative Uechi.

SCRep. 681 Consumer Protection and Commerce on H.B. No. 986

The purpose of this bill is to clarify several sections of the No-Fault Law to insure more consistent, equitable and prompt settlement of claims.

Section 294-2 is amended by changing the wording of substitute services to conform to the approved no-fault endorsement being used by all companies. The intent of substitute services is to benefit the insured and his family and not be considered in any way a business interruption policy for the businessman.

Section 294-5 of this bill has been deleted because the proposed provisions of this section are covered in H.B. No. 1698, H.D. 1.

Section 294-6 clarifies that the insured cannot collect under his Uninsured Motorist Bodily Injury coverage unless he has met the same tort threshold requirements. The intent of this coverage is to provide a source of bodily injury liability protection when the insured is struck by a uninsured motorist or a hit and run driver.

Section 294-7 which adds "and shall have alien to fifty percent of such recovery" has been deleted from the bill.

Section 294-23 precludes not only the owner or operator but any passenger who has reason to believe that the vehicle was an uninsured motor vehicle from collecting no-fault benefits from the Hawaii Joint Underwriting Plan assigned claims plan.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 986, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 986, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 682 Judiciary on H.B. No. 777 (Majority)

The purpose of this bill is to amend section 841-3, Hawaii Revised Statutes, which requires the informing of the coroner of persons dying under circumstances defined within this section by adding a penalty provision for violation of this mandate.

Under the present law, a person who becomes aware of the death of any person as a result of violence or as a result of any accident, or by suicide must immediately notify the coroner or deputy coroner of the known facts concerning the time, place, manner, and circumstances of the death. However the present law did not include any penalty provision to cover situations of noncompliance with the law.

Your Committee amended the bill to provide that noncompliance with the section would be a violation, because your Committee felt that the punishment contained in the bill was too harsh for the offense involved.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 777 and recommends that it pass Third Reading in the form attached hereto as H.B. No. 777, H.D. 1.

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

SCRep. 683 Judiciary on H.B. No. 1455

The purpose of this bill is to provide a defense for the lawful possession or distribution of drugs by pharmacists, doctors, dentists, veterinarians or other practitioners, or ultimate users who obtain drugs pursuant to lawful prescriptions, or other persons authorized by law to possess or distribute drugs. As presently worded, the law makes criminal any possession or distribution of drugs.

Your Committee was informed that Act 163, Session Laws of Hawaii, 1975, deleted the element of "unlawfulness" as an element of the crimes of promoting drugs. The Act, however, failed to include lawful distribution or possession as an affirmative defense, as had been recommended, with the result that any possession or distribution of drugs

is against the law.

Your Committee amended this bill by deleting the enumerated professions and substituting in its place the term "practioner" which as defined in Chapter 461, Hawaii Revised Statutes, includes the enumerated professions.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 1455, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1455, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives
K. Yamada, Uechi and Medeiros.

SCRep. 684 Water, Land Use, Development and Hawaiian Homes on H.B. No. 1547

The purpose of this bill, as amended, is to 1) lower the purchase price of housing units by easing the requirement of the developer to dedicate land and facilities as a condition precedent to approval of a subdivision; and 2) give the subdivider credit for private parks, playgrounds, common space or recreation facilities.

The net effect of the current park dedication requirement has resulted in an additional increase in the price of homes excluding more and more of the middle and lower-income families from home ownership. The inescapable fact is that the cost is ultimately passed on to the new home buyer. This could add as much as \$3,000 or more to the cost of each unit. Therefore, your Committee has deleted reference to the dedication of physical facilities. The dedication of land will remain as a condition precedent to approval of a subdivision.

Also, your Committee has specified, through the insertion of the term "shall", that special consideration and credit shall be given to the subdivider for parks, playgrounds, common space or recreation facilities. Your Committee feels if a developer has to pay for additional parks, there will be little incentive to provide the amenities within the development. The term "may" has been deleted.

Your Committee has also amended the bill by defining privately owned parks and playgrounds.

Your Committee on Water, Land Use, Development and Hawaiian Homes is in accord with the intent and purpose of H.B. No. 1547, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1547, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 685 Water, Land Use, Development and Hawaiian Homes on H.B. No. 1533

The purpose of this bill is to amend Chapter 115, Hawaii Revised Statutes, to permit the State and counties to purchase lands for public rights-of-way and public transit corridors to coastal and inland recreational areas.

Under present law, public access is only provided to the sea and the shorelines. This bill would broaden the scope of Chapter 115 to include coastal and inland recreational areas.

Your Committee is in agreement that the enactment of this bill would greatly increase government efforts of assuring availability of and assessibility to adequate recreational, cultural and educational opportunities for Hawaii's citizens.

Your Committee on Water, Land Use, Development and Hawaiian Homes is in accord with the intent and purpose of H.B. No. 1533 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 686 Finance on H.B. No. 12

The purpose of this bill is to provide lapsing provisions for certain prior years appropri-

ations 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 exclude certain acts for which agencies have informed your Committee that the purposes of these acts have not yet been accomplished or that a lapsing date other than June 30, 1977 is more appropriate.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 12, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 12, H.D. 2, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 687 Health and Judiciary on H.B. No. 258 (Majority)

The purpose of this Bill is to establish and provide a definition of the medical death of a human being. Presently, there is no State statute which defines when a human being shall be pronounced dead. Legislative attention is needed on this issue because of the rapid advance in medical technology.

Your Committees find that because of man's limited knowledge and understanding of the processes of life and death, death has traditionally been presumed when respiratory and circulatory functions of the body has subsided. The appearance of death often triggers strong reactions without regard to the medical determination of the actual time of its occurrence.

Historically, there was no alternative to the traditional method of determining death. However, the increased sophistication and extension of medical knowledge in resuscitation, artificial life support techniques, and organ transplants now require a different means of measuring death. The traditional criteria are no longer reliable in many circumstances.

Your Committees received testimony and a report by the Legislative Reference Bureau entitled, "Towards a Definition of Death." Significant findings discussed include:

1. Death may assume several distinct forms:
 - A. traditional death
 - B. human brain death syndrome
 - C. fetal death and embryonic death
 - D. human remains
2. Stages of death are complex and difficult to distinguish.
3. Traditional standards of determining death recognized by medicine and law are inadequate to meet present medical and legal needs.
4. The brain function standard of death used in medical practice today requires specialists and sophisticated equipment not uniformly available.
5. The traditional standard remains the predominant method of determining death, and the brain death standard is utilized in only two percent of all cases.
6. The current dicotomy between medical practice and traditional legal standards has created confusion in the judiciary and acquiescence in the brain death standard.

In accordance with these findings, the Legislative Reference Bureau has recommended that Hawaii enact a statutory definition of death.

Under the Legislative Reference Bureau study, traditional death is defined as the irreversible cessation of spontaneous respiratory and circulatory functions. Death occurs when the body functions first irreversibly cease. Brain death is defined as the irreversible cessation of brain function, which occurs when the brain function first irreversibly ceases. The brain death definition is used if artificial means of support

preclude a determination that respiratory and circulatory functions have ceased.

Your Committees are in agreement with testimony from the Hawaii Medical Association indicating that the determination of irreversible cessation of brain function need not be limited to a consulting physician skilled only in neurology or neurosurgery. Your Committees find that numerous anesthesiologists and critical care physicians (e.g. internists) have formulated criteria for brain death. Consequently, the definition of "consulting physicians" need not be restricted to neurologists or neurosurgeons. Anesthesiologists and internists should be permitted to determine whether brain death has occurred.

Your Committees have amended this Bill to define death in conformity with the findings of the Legislative Reference Bureau's study on the same subject. Your Committees have further amended this Bill to expand the definition of "consulting physician" to include anesthesiologists, internists, neurologists, or neurosurgeons.

Your Committees on Health and Judiciary are in accord with the intent and purpose of H.B. No. 258, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 258, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives
Nakamura and Fong.
(Representative Sutton did not concur.)

SCRep. 688 Health on H.B. No. 201 (Majority)

The purpose of this Bill is to assure persons and organizations participating in the Health Surveillance Program that there will be no liability incurred by participating in the program. Furthermore, information given will be strictly confidential and cannot be used against them in any legal proceedings.

Your Committee finds that a health surveillance program, such as the present on-going household interview survey, is the most effective means of obtaining information on the health status of the community and the evaluation of health problems, health programs, delivery and utilization of medical care, analysis and interpretation of public health trends and forecasting long and short range public health needs.

This is the only on-going program in the State that collects census type data including demographic and socio-economic information on a routine basis.

Your Committee further recognizes that persons contacted refuse to participate or are reluctant to divulge certain information because of concern over the confidentiality of the data.

Realizing the need and importance for this type of information as well as the importance of assuring confidentiality to the individual, your Committee has amended H.B. No. 201 to clarify language and remove ambiguities in the Bill.

Your Committee on Health is in accord with the intent and purpose of H.B. 201, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. 201, 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. 689 Health on H.B. No. 829

Your Committee finds that on April 11, 1953, the Food and Drug Administration took over the food related duties of the Federal Security Agency.

The purpose of this Bill is to amend Section 328-71 of the Hawaii Revised Statutes to change the name of the federal agency.

Your Committee on Health is in accord with the intent and purpose of H.B. No. 829 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 690 Agriculture and Water, Land Use, Development and Hawaiian Homes
on H.B. No. 1319

The purpose of this bill is to include communications equipment buildings as a permitted use in agricultural land along with other similar utilities now permitted.

This bill will permit Hawaiian Telephone to construct such facilities as other public service companies and agencies are now permitted without the need to apply for variances. It will also enable the customers to receive telephone service much faster than the present time-consuming method.

Your Committees on Agriculture and Water, Land Use, Development and Hawaiian Homes is in accord with the intent and purpose of H.B. No. 1319 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. 691 Agriculture and Water, Land Use, Development and Hawaiian Homes
on H.B. No. 1059

The purpose of this bill is to exempt state operated agricultural parks from existing county subdivision and zoning standards.

Presently the various counties impose different standards which, in some instances, are urban oriented. Setback requirements, for example, may limit the amount of land which may be covered by a crop shelter on a certain parcel. Subdivision requirements may prevent individual lots within an agricultural park from being laid out in the most advantageous manner. Depending upon the type of activities planned for a particular park, roadway requirements may be excessive thereby raising improvement costs and utilizing otherwise productive agricultural land.

Your Committees feel this bill will serve to minimize improvement costs to individual agricultural lot operators with the proposal to exempt them from conforming to county ordinances for zoning and subdivision. The provision to include county legislative veto power over final development plans and specifications is sufficient to protect county interest and authority.

Your Committees have amended the bill by specifying that the development must be part of a state or county government sponsored program.

Your Committees on Agriculture and Water, Land Use, Development and Hawaiian Homes are in accord with the intent and purpose of H.B. No. 1059, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1059, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Garcia.

SCRep. 692 Energy and Transportation on H.B. No. 264

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

The present statute governing the cleaning of sidewalks mandates property owners to maintain sidewalks abutting or adjoining their property. This sometimes creates difficulties when a home is located between two streets and the homeowner must maintain both front and back sidewalks, when physical obstacles force homeowners to climb fences or walk around street blocks to reach sidewalks abutting or adjoining their property or when sidewalks front busy streets and maintenance of these sidewalks is hazardous.

H.B. No. 264 has been amended to reflect new materials in lines 1 - 9, page 2.

Your Committee on Energy and Transportation is in accord with the intent and purpose of H.B. 264, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 264, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 693 Energy and Transportation 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.

Testimony given by the State Highway Safety Coordinator revealed that there is no provision in the Hawaii Revised Statutes for the regulation of reconstructed, rebuilt or modified vehicles. Under existing laws, each county regulates reconstructed vehicles through county ordinances and regulations. The various county ordinances and regulations do not have a standard or uniform provisions. As a result, an owner of a reconstructed vehicle who moves his vehicle between counties may be subjected to the hazards of violation of the varying county ordinances or regulations. Moreover, reconstructed vehicles are not identified in the vehicle registration records. Consequently, there is no way to determine which vehicles have been reconstructed or how many reconstructed vehicles have been registered.

The Honolulu Police Department recommended passage with an amendment changing "Legislative body" to read "Chief Executive Officer" on page 2, line 13 of the Bill.

Your Committee on Energy and Transportation is in accord with the intent and purpose of H.B. No. 683, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 683, H.D. 1.

Signed by all members of the Committee.

SCRep. 694 Energy and Transportation and Public Employment and Government Operations on H.B. No. 162

The purpose of this bill is to encourage and promote the development of a staggered work hour or variable time program for state employees in order to conserve energy and reduce peak hour traffic congestion.

Your committees find that staggered work hours or variable time programs used in conjunction with other transportation strategies such as carpooling, express bus service and van pools may lead not only to more efficient use of our streets and highways but also obviate the need to construct and fund other costly and unnecessary transportation facilities and programs.

Your committees heard testimony that staggered work hour or variable time programs have been initiated by government employers with favorable results. For example, in March, 1974, the City of Ottawa, Canada, initiated a variable work hour program which significantly reduced peak hour traffic.

Your committees heard testimony by the Department of Transportation favoring passage of this bill. The department cited a recent study which concluded that a concerted effort by government employees and students participating in a staggered work hour or variable time program could result in an 11% reduction in peak hour traffic.

Your committees find that staggered work hours or variable time programs of sufficient scope to noticeably affect traffic congestion should be initiated by the governor to include all state offices whose participation in the program would not unduly affect their delivery of services to the public. The staggered work hour or variable time programs should include identification of those offices capable of participation in the program, standards for monitoring the level of services provided to the public by these offices during the program's existence, and criteria to monitor the program's success in reducing traffic congestion.

Your committees further find that to achieve maximum effectiveness of a staggered work hour or variable time program would require the joint cooperative efforts of the governor, the Department of Personnel Services, and the exclusive representatives of the appropriate collective bargaining units for State employees.

Your committees amended the bill by deleting Section 80-1(b) in its entirety. In deleting this section, it is the intent of your committees that the governor, the Department of Personnel Services and the representatives of the collective bargaining units for the State employees make a cooperative effort to initiate a staggered work hour or variable time program for State employees prior to the 1978 legislative session.

Your committees heard testimony emphasizing the need for cooperation between the public employee unions and the employer in order to successfully effectuate a staggered work hour or variable time program. Russell Okata, deputy executive director of Hawaii Government Employees' Association (HGEA) testified in favor of H.B. 162, provided that it did not interfere with the collective bargaining process. Your committees also heard testimony from other public employee collective bargaining units in support of the measure.

Your committees amended Section 80-1 to provide that the governor, by executive order, may modify the business hours of offices in order to meet a demonstrated need for public services, to provide for the efficient operation of business, to encourage energy conservation and reduce traffic congestion.

Your committees on Energy and Transportation and Public Employment and Government Operations are in accord with the intent and purpose of H.B. No. 162, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 162, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committees except Representative Mina.

SCRep. 695 Judiciary on H.B. No. 332

The purpose of this bill is to amend the present law to provide that it shall be unlawful for an employer to require not only an employee but also a prospective employee to take a lie detector test as a condition of employment or of continued employment. In addition, the bill also makes it unlawful for an employer to administer such tests to an employee or prospective employee, the intent being to prevent any employee or prospective employee from being coerced to volunteer for such tests. The bill also amends the penalty provision to make it applicable to the additional provision relating to administration of such tests.

Your Committee made minor technical corrections to the bill 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.B. No. 332, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 332, H.D. 2.

Signed by all members of the Committee.

SCRep. 696 Consumer Protection and Commerce on H.B. No. 1644

The purpose of this bill is to provide for the acquisition and operation of private electric companies by the counties. Your Committee feels that the counties presently have the authority to acquire public utility property under Chapter 49, Hawaii Revised Statutes.

Accordingly, your Committee has amended the bill to cover the timing of franchise payments to the County of Kauai under Kauai Electric Company's franchise set forth in Act 165, Session Laws of Hawaii, 1967.

This bill, as amended, will decrease the period between filing dates of the public utility franchise tax statement and payment of the related tax to the County of Kauai. The bill would change the filing date from one month after each calendar year to one month after each quarter.

The amended bill designates the county director of finance as the sole receiver of franchise tax statements and franchise tax money by deleting the word "treasurer" from Sec. 14. This deletion would change the present law to conform with the current practice in the county.

Under the amended 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 on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 1644 as amended herein and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1644, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Nakamura.

SCRep. 697 Youth and Elderly Affairs on H.B. No. 250 (Majority)

The purpose of this bill is to amend the present law to allow for the fingerprinting and photographing of juveniles by the police when the juvenile commits an act which, if committed by an adult, would be a felony.

Your Committee concurs that juveniles are responsible for a considerable number of burglary offenses. Since many are repeat offenders, your Committee is in agreement that fingerprinting and photographing of these juveniles would be instrumental in the identification of responsible persons.

Your Committee on Youth and Elderly Affairs is in accord with the intent and purpose of H.B. 250, H.D. 1 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representative Narvaes.
(Representatives Baker, Ueoka and Sutton did not concur.)

SCRep. 698 Finance on H.B. No. 234

The purpose of this bill is to eliminate the provision for no penalty of timely filed tax returns and also to eliminate the 10 per cent penalty if the tax is not paid within 90 days of due date.

This bill will facilitate the administration of taxes. In its justification of the measure the department of taxation states that the 8 per cent per annum interest rate charged in cases where a tax return has been filed on time but no payment made is not sufficient incentive to encourage timely payment of the amounts due. The 10 per cent additional late payment penalty cannot be levied until the payment is more than 90 days overdue. This proposal would eliminate the grace period thus discouraging taxpayers from taking advantage of the comparatively low interest charged by the state during the first 90 days of late payment.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 234 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 699 Finance on H.B. No. 874

The purpose of this bill is to grant a two-year use tax exemption for new industries.

This bill adds a new section to the Hawaii Revised Statutes to provide an exemption from use taxes for a period of two years on tangible personal property which is imported or purchased from an unlicensed seller for use in the State by a new industry. "New Industries" are corporations, partnerships and associations incorporated in Hawaii, and individuals employing more than 20 persons on a full time basis. New industry activity includes: apparel and textile manufacturing, commercial fishing, aquaculture, motion picture and television production, development of sources of energy, manganese nodule mining and processing, or bauxite mining.

Your Committee agrees that this bill is in the best interest of the economic welfare of this State.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 874 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 700 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 and replenish the legal debt margin by \$6,464,241.

The bill has been amended to exclude those projects which the administration needs more time to consider.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 13, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 13, H.D. 2 and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 701 Finance on H.B. No. 126

The purpose of this bill 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 to receive the necessary financial support.

Your Committee has retained the appropriation provisions of this bill except that the appropriation has been reduced to \$50,000. Other provisions in this bill have been incorporated into H.B. No. 131, H.D. 1.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 126, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 126, H.D. 2.

Signed by all members of the Committee.

SCRep. 702 Finance on H.B. No. 490

The purpose of this bill is to hold students responsible for the loss or destruction of school books.

Your Committee 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 word non-lapsing on line 7, page 2.

Your Committee has further amended this bill by adding the last paragraph of HRS section 298-5.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 490, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 490, H.D. 2.

Signed by all members of the Committee.

SCRep. 703 Finance 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 Finance is in accord with the intent and purpose of H.B. No. 813 and recommends it pass Third Reading.

Signed by all members of the Committee.

SCRep. 704 Finance on H.B. No. 1283

The purpose of this bill is to fund increased payments to operators of adult boarding and care homes for their services to public assistance recipients.

Your Committee finds that while adult boarding and care homes provide valuable services to many elderly and disabled public assistance recipients, their compensation for such services does not adequately reflect the quality of care provided nor the impact of inflation.

As amended, the bill appropriates \$100,000 for fiscal year 1977-78 to fund increased payments to operators of boarding and care homes.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 1283, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1283, H.D. 2.

Signed by all members of the Committee.

SCRep. 705 Finance on H.B. No. 565

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.

Absence of legal regulation makes it difficult to find, investigate, and prosecute fraudulent psychotherapists and to correct abuses in the field.

Your Committee agrees that the proposals of this bill will provide corrective relief and your Committee incorporates the provisions of House Standing Committee Report No. 294 herein.

Your Committee has revised this bill to delete the appropriation section. Subsequent sections are accordingly renumbered.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 565, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 565, H.D. 2.

Signed by all members of the Committee.

SCRep. 706 Finance on H.B. No. 849

The purpose of this bill is to provide funding 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 that feed and forage research is essential to the development of a self-sufficient livestock industry. Your Committee finds that the College of Tropical

Agriculture is the agency which should be logically contracted to conduct such experiments.

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 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.

As amended, the bill provides \$100,000 to be expended in the 1977-79 fiscal biennium. This amount will ensure the continuation of feed and forage research for both the beef and dairy industries.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 849, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 849, H.D. 2.

Signed by all members of the Committee.

SCRep. 707 Energy and Transportation 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 weight loads should safety considerations dictate. Vehicles carrying agricultural products are granted permits to exceed the limits of H.R.S. section 291-35.

Your Committee finds that enforcement of the current law has been almost non-existent. This is the result of the vagueness of enforcement provisions under the current law and also because the State Department of Transportation lacks the necessary equipment to adequately carry out and monitor enforcement. As a result, this lack of enforcement has led to widespread overloading throughout the affected industries. Testimony given by various witnesses representing both industry and government revealed the overloading ranged approximately 15% over weight limits allowed under the current law.

Testimony given by the Department of Transportation revealed the federal government has mandated that the continued lack of enforcement of our current law may result in a loss of federal funds for transportation programs affecting our roads and highways. Moreover, the Department expressed concern for the ability of our highways and bridges to withstand the proposed weight increase.

Testimony given by the representatives of the various affected industries indicated that enforcement of our current weight laws would cause severe economic hardship, particularly among the sugar and construction industries. H.B. 432, H.D. 2, proposes to raise the weight levels to more realistic levels in keeping with the dictates of economic necessity.

Your Committee is in agreement with the basic purpose of the bill but has amended the bill to deal with the concerns for safety as well as the economic problems facing industry. Such amendments are as follows:

1. Amended Sec. 291-35(1)(C) and (D).

The purpose of this amendment is to include a revised axle weight formula which provides that the single axle weight does not exceed 24,000 pounds, the tandem axle weight does not exceed 34,000 pounds and the overall gross weight does not exceed 80,800 pounds.

2. Deleted Sec. 291-35(2)(A) and (B).
3. Renumbered Sec. 291-35(3), (4) and (5) to read as Sec. 291-35(2), (3) and (4), respectively.
4. Deleted Sec. 291-35(6), (7)(A), (B) and (C), (8) and (9).
5. Added a new Sec. 291-35(5).

The purpose of this amendment is to authorize the Director of the Department of Transportation or the county engineer to place and maintain signs to limit the gross

weight of a vehicle or combination of vehicles traveling over a bridge or other highway structure in the interest of public safety when it is determined through engineering investigation and analysis that the theoretical load carrying capacity of the bridge or structure is less than the maximum gross vehicular weight allowed without complying with the rule making provisions of Chapter 91, Hawaii Revised Statutes. Your Committee agreed to this amendment after being assured by the Director of the Department of Transportation that the Department will make every reasonable effort to consult with representatives of the affected trucking industries before posting such signs.

6. Added a Sec. 29136(j).

The purpose of this amendment is to authorize the Director of the Department of Transportation or the county engineer to charge a fee of \$2.50 for each permit issued and to deposit such fee in the state or respective county's account for special funds for highways.

7. Added a new SECTION 3 which amends Sec. 291-37 Penalties.

The purpose of this amendment is to strengthen enforcement of the weight law by providing for heavier penalties when the law is violated. The amendment in part, provides that for each subsequent violation, the person shall be punished by a fine of not less than \$200 nor more than \$1,000 and may be imprisoned for not less than 30 days nor more than 90 days. Your Committee found that in the case of subsequent violations a mandatory fine was required to deter subsequent violations.

8. Added a new SECTION 4 which adds a new section to chapter 291 on enforcement.

The purpose of this amendment is to require every police officer to enforce compliance with Sec. 291-33 to 291-36, with the technical assistance of the Department of Transportation and the Division of Weights and Measures of the Department of Agriculture.

9. Renumbered "SECTION 3" to read as "SECTION 5".
10. Renumbered "SECTION 4" to read as "SECTION 6". Amended said section to include a drop dead clause.

The purpose of this amendment is to limit the effect of this bill for one year.

Your Committee on Energy and Transportation is in accord with the intent and purpose of H.B. No. 432, H.D. 1, as amended herein, and recommends that it be placed on the calendar for Third Reading in the form attached hereto as H.B. No. 432, H.D. 2.

Signed by all members of the Committee except Representative Mina.
(Representative Uwayne did not concur.)

SCRep. 708 Consumer Protection and Commerce and Public Assistance and Human Services on H.B. No. 1698 (Majority)

The purpose of this bill is to amend certain provisions of the Hawaii no-fault law to ensure that the law is operating in a manner most consistent with the goal of compensating victims promptly and efficiently.

Section 294-2 of the Hawaii Revised Statutes is amended to make clear that no-fault benefits for public assistance recipients insured for free under the Hawaii Joint Underwriting Plan (HJUP) does not include medical, rehabilitative, and lost income benefits. Public assistance benefits will be the sole source of benefits, and as such, because there are not other legally available source of benefits to turn to, this provision does not run afoul of federal regulations providing that medicaid shall not be a primary source of benefits.

Section 294-2 was further amended to add a new definition defining a person receiving public assistance benefits. This definition will make clear who will not receive medical, rehabilitative, and income loss benefits under a no-cost no-fault policy.

Sec. 294-5 of the Hawaii Revised Statutes is amended by deleting the requirement that no-fault benefits be paid secondarily and net of benefits from public assistance laws. This is done to insure that Hawaii will not be in conflict with federal regulations requiring that medicaid and other federally funded assistance programs not be a primary

resource when other resources are legally available.

Section 294-5 is further amended to provide that a person who is entitled to receive benefits from such laws as workers' compensation or social security shall collect no-fault benefits if his right to collect social security or workers' compensation benefits are contested and therefore delay the payment of benefits. The insurer is protected since he is given a right of subrogation.

This amendment is to insure that a purpose of no-fault is not subverted. No-fault seeks to promptly compensate the injured for damages resulting from a vehicular accident. Though he may be eligible for social security or workers' compensation benefits, such benefits may be slow in coming, perhaps because of litigation, and if the insurer can refund to pay benefits on the ground his coverage is secondary, the injured will be without compensation for a time period so long that it runs contra to one of the goals of no-fault.

Your Committees have amended this bill by deleting from its provisions an amendment that would have abolished the insurer's right of subrogation to fifty per cent.

Sec. 294-13 of the Hawaii Revised Statutes is amended to extend the open-competitive rating system for five years beyond its current expiration date of August 3, 1978. Evidence indicates that the open-competitive system is working to the benefit of the consumer and should be extended for five years to see if it can be definitively said that this system is best for the consumer as opposed to the setting of uniform rates by the commissioner.

Sec. 294-5 is amended to make clear that a bicyclist is included within the meaning of pedestrian.

Your Committees would be remiss if it did not analyze the rather complex issue of providing limited no-fault benefits without cost to welfare recipients. Your Committees have given this matter careful consideration and for the reasons hereinafter stated, conclude that the continued operation of the Hawaii Joint Underwriters' Plan (HJUP) offers the most economical and efficient solution to the issue of no-fault and the welfare driver.

Many have asked how a person can be poor and yet have a private passenger vehicle. There are tests devised by the State and Federal governments which assess the eligibility of applicants for public assistance. Federal regulations require that public assistance recipients in the AFDC category of aid, the largest of the welfare programs, be permitted to retain cars as an allowable resource. To adopt state eligibility requirements more rigorous than those of the Federal government would jeopardize federal funding shares of the program.

Finally, it should be pointed out that denying automobiles to welfare recipients has important economic ramifications. Should that happen, the State would become liable for the work-related transportation expenses of 4,800 welfare recipients who are employed. The Department of Social Services and Housing estimates that this cost alone would equal an amount between \$1.1 million and \$4.6 million per year.

Additional costs to be borne by the State would stem from the need for those on medicaid to transport themselves to their health care provider. Since public transportation does not acquit itself well in the transport of the ill and infirm, especially in rural areas; the State would be paying for the use of ambulances and taxis as means of transportation.

Thus, forbidding ownership of vehicles does not seem to be a promising answer and your Committees accordingly examined the problem of no-fault insurance in the context of the welfare recipient. Your Committees considered several alternatives to the current system and rejected them all. A brief evaluation of them would be in order.

It was suggested that free no-fault be abolished and that claims by or against welfare recipients be handled by the assigned claims plan of the HJUP. However, this plan would make no-fault coverage primary and would also pay for medical and rehabilitative expenses now covered by medicaid. Thus the cost to HJUP would be higher than the current system of having HJUP provide free no-fault insurance. This plan has the additional drawback of increasing the workload of the commissioner in processing such claims. The current system utilizes the skill and experience of insurers to handle such administrative tasks.

Another alternative examined was the abolition of free insurance. This alternative

ignores the fact that the benefits of free no-fault coverage extend not to welfare recipients but to those who become involved in vehicular accidents with a vehicle covered at no cost under the HJUP. If abolished, an injured person either turns to the assigned claims plan or to the uninsured motorist coverage of one's own policy for compensation and because of this, if free no-fault insurance affects premium rates, then abolition should also adversely affect rates. The truth is, regardless of the source of benefits, be it free no-fault, assigned claims, or uninsured motorist, if the ultimate source is an insurance company, in theory, rates will be affected.

The abolition of free no-fault has other detrimental economic consequences due to the need for the State to compensate for work-related and medical-related transportation expenses. The effects of this has been discussed earlier.

Increasing the public assistance flat grant to cover the cost of no-fault insurance would be costly since it must be an across-the-board raise, even for those without cars, with no assurance that recipients will use the added funds to buy insurance, and would create massive enforcement problems for DSSH.

It was also suggested that there be a state vehicle tort claims bureau within DSSH but this was rejected as it would be economically costly and transfer administrative insurance responsibilities from trained agents and adjustors to those unskilled at those tasks.

When originally enacted, it was thought that large commercial vehicles would buy their insurance from HJUP and cover the cost of free insurance. Because such vehicles were able to obtain insurance outside of the plan, most of the vehicles insured by HJUP are owned by welfare recipients. This results in an annual deficit of approximately \$1,000,000 which is covered by assessments against insurance companies.

It is this deficit that leads members of the motoring public to believe that their rates are adversely affected. However, evidence adduced from insurance companies indicates that it is impossible to definitively say that rates are being adversely affected by the free insurance. Rates have risen but, that is attributable to inflationary rises in the cost of vehicle repair, medical expenses, and the like. In fact, evidence indicates that HJUP losses attributable to welfare recipients totaled approximately 4% of HJUP losses over the last two years. What this may indicate is that the open-competitive rating system is working very well in keeping rates down. Thus your Committees conclude that the fears of some, that rates will skyrocket because of this free insurance has yet to be borne out by experience.

Your Committees on Consumer Protection and Commerce and Public Assistance and Human Services are in accord with the intent and purpose of H.B. No. 1698, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1698, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committees.
(Representative Sutton did not concur.)

SCRep. 709 Employment Opportunities and Labor Relations on H.B. No. 1358

The purpose of this bill is to add the requirement that individuals who have lived continuously in Hawaii for a period of one year be included as part of the definition for "head of household" and "unemployed" persons.

The establishment of the State Program for the Unemployed, through Act 151, SLH 1975, is based on the high rate of unemployment that is adversely affecting the people of the State. The financial situation of the State is characterized by poor revenue projections and possibility of a deficit in State funds. Thus, your Committee believes every attempt must be made to ease the financial burden of the residents and taxpayers of this State as well as ensure jobs for Hawaii residents. Your Committee has added a severability clause as an amendment to the bill.

Your Committee on Employment Opportunities and Labor Relations is in accord with the intent and purpose of H.B. No. 1358, as amended herein, and recommends that it pass Second Reading and be placed on the calendar for Third Reading in the form attached hereto as H.B. No. 1358, H.D. 1.

Signed by all members of the Committee.

SCRep. 710 Ecology and Environmental Protection on H.B. No. 122

The purpose of this bill is to establish a Hawaii State Coastal Zone Management Program which provides for the beneficial use, protection, and development of Hawaii's coastal resources.

Your Committee finds that H.B. No. 122 was introduced as a short form bill and recommends the following amendments:

- A. The repeal of Part I of Chapter 205A, Hawaii Revised Statutes.
- B. Various amendments to Chapter 205A, including:
 1. A new Part I to Chapter 205A, with:
 - a. Various new definitions to section 205A-1.
 - b. Coastal zone management policies and objectives in section 205A-2.
 - c. The designation of the department of planning and economic development as the lead agency in section 205A-3, whose duties shall include the disbursement of federal funds, the adoption of guidelines for carrying out the purposes of this Act, and the preparation of an annual report.
 - d. The designation of the boundaries within which the objectives, policies, and guidelines of this Act will apply. These are: the territorial boundaries of the State of Hawaii for state agencies and the Special Management Areas (Part II, Chapter 205A) for county agencies.
 - e. A compliance date of two years from the effective date of this Act in section 205A-4.
 - f. Causes of action in section 205A-6.
 2. Amendments to Chapter 205A, Part II, including:
 - a. The deletion of the "drop dead" clause for Part II of Chapter 205A.
 - b. The addition of two definitions, "lead agency" being the department of planning and economic development and "coastal zone management program" being the one approved by the governor, to section 205A-22.
 - c. Provisions for Special Management Area boundary changes. These require lead agency and county planning commission or county council concurrence, following a joint public hearing.
 - d. Provisions for the guidelines adopted by the county planning commissions or county councils to be consistent with coastal zone management program objectives, policies and guidelines.

Your Committee on Ecology and Environmental Protection is in accord with the intent and purpose of H.B. No. 122 as amended herein and recommends that it pass Second Reading in the form attached hereto as H.B. No. 122, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 711 Public Employment and Government Operations to H.B. No. 1056

The purpose of this bill is to establish policies and procedures for the periodic review of the regulatory practices of existing professional and vocational licensing boards and commissions, as well as, procedures for the passage of any new regulatory measures.

Your Committee finds that there is growing concern over the proliferation and perpetuation of the numerous boards and commissions located within the Department of Regulatory Agencies which have been established to regulate vocations and professions. Presently, there are no procedures for evaluating the effectiveness of these bodies in accomplishing their intended mission of protecting the health, safety, and welfare of the consumer. Moreover, in the past, regulatory decisions have been heavily influenced by the trade or occupational group affected; often these decisions were made without the detailed factual data necessary to evaluate the purpose and effectiveness of the regulatory proposal. Thus, there is some doubt as to whether all of these boards are necessary, or whether their activities operate in the public interest.

This bill establishes policy guidelines to be used in evaluating existing boards and commissions, as well as, evaluating new regulatory proposals before they are considered by the Legislature. The guidelines are predicated on the belief that regulation shall not be imposed except when it is reasonably necessary to protect the public welfare. Furthermore, even where regulation is deemed necessary, government interference should be minimized, and regulatory options which are less restrictive and less expensive than full licensure should be adopted when they are available.

The proposed Hawaii Regulatory Licensing Reform Act provides for the mandatory review of all 39 regulated activities in professional and vocational licensing. It establishes a repeal date of December 31 for each board or commission and each licensing program within the Professional and Vocational Licensing Division of the Department of Regulatory Agencies, staggered over the next six years: six in 1978, six in 1979, six in 1980, seven in 1981, seven in 1982, and seven in 1983. On October 1st of the year preceding its repeal date, the board is required to file a detailed impact statement which shall evaluate the need for and benefit of, the statutory regulatory provisions. The impact statement is designed to gather all reasonably obtainable data concerning the profession or vocation in order to determine whether its activities comply with the policy guidelines established in this bill. A joint interim committee of the Legislature shall review and hold public hearing on each impact statement and shall make a report of its findings and recommendations prior to January 1 of the year of the repeal date. Unless the Legislature takes action during the following regular session to amend the repeal date established in the bill, the board's enabling legislation will be automatically repealed.

Persons advocating the passage of new regulatory measures are also required to file an impact statement containing such information as the Director of Regulatory Agencies may require. This report would contain information similar to the sample "regulatory impact statement" submitted as part of the department's study of boards and commissions prepared 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 Public Employment and Government Operations is in accord with the intent and purpose of H.B. No. 1056, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 712 Public Employment and Government Operations on H.B. No. 1084 (Maj.)

The purpose of this bill is to provide for the granting of preference to State Comprehensive Employment and Training (SCET) and Comprehensive Employment and Training Act (CETA) public service employment program participants who apply for permanent civil service positions. The Director of Personnel Services shall adopt rules and regulations pursuant to Chapter 91, Hawaii Revised Statutes, to carry out the purposes of this Act.

This bill establishes the minimum requirements for preference eligibility as being: 1) one year satisfactory performance in either SCET or CETA public service employment programs, and 2) achievement of a passing grade on an open competitive examination in those classifications related to the participant's public service employment experience. Determination of the extent to which preference shall be granted is left to the discretion of the Director of Personnel Services.

The basic intent of the SCET and CETA public service employment programs is to provide unemployed and underemployed individuals with transitional employment which would assist these persons in obtaining unsubsidized, full-time jobs. Your Committee finds, however, that despite satisfactory on-the-job performance, some program participants have difficulty obtaining permanent civil service positions because

they are unable to compete with other applicants on written examinations.

Under the present recruitment system, all applicants on an open competitive examination are ranked according to their scores and the top five applicants are referred to the appointing authority for an interview. The granting of preference, e.g., 5 points added to the exam score, may enable more SCET and CETA participants to rank among the top five applicants, giving them a better chance of being selected for a position.

In the granting of preference to these applicants, the intent of your Committee is not to violate the spirit of the merit principle. Rather, it is the intent of your Committee that the experience and training gained through public service employment be recognized.

Your Committee on Public Employment and Government Operations is in accord with the intent and purpose of H.B. No. 1084 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.
(Representatives Abercrombie, dods, Say, Evans and Ikeda did not concur.)

SCRep. 713 Legislative Management

Informing the House that Standing Committee Report Nos. 549 to 712 have been printed and distributed.

Signed by all members of the Committee.

SCRep. 714 Finance 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.

This bill expands the program to all elementary schools in the State. In order to facilitate the selection and designation of school health complexes, the bill allows the department of health to select and designate the school health complexes in consultation with the department of education.

This bill has been amended to provide for the creation of a school health services advisory committee. Comprised of State and community organizations, as specified in the bill, the advisory committee shall coordinate, guide and evaluate the school health services program.

In the establishment of nurses positions in the statewide school health services program, the bill has been amended to provide that each nurse must have at least one half year of public health, school health, clinical, or hospital nursing experience. This bill further requires 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 bill provides for full time, twelve-month employment for nurse supervisors. All other nurses shall be on a ten-month base.

The bill further provides 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.

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 Finance is in accord with the intent and purpose of H.B. No. 925, H.D. 2, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 925, H.D. 3.

Signed by all members of the Committee.

SCRep. 715 Consumer Protection and Commerce on H.B. No. 226

The purpose of this bill 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.

Your Committee's previous amendment to this bill, extending the effective date to January 1, 1978, has been retracted and the original effective date of September 1, 1977, reinstated. Such amendment would read as follows:

"SECTION 3. This Act shall take effect September 1, 1977."

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 226, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 226, H.D. 2,

Signed by all members of the Committee.

SCRep. 716 Consumer Protection and Commerce on H.B. No. 978

The purpose of this bill is to require commercial and residential apartments to pay their fair share of the utilities costs of a horizontal property regime.

The original language of the bill has been changed to more accurately reflect present law and practice governing horizontal property regimes.

Presently, utilities costs such as water, electricity, and gas are shared by owners of commercial apartments and owners of residential apartments in mixed used projects. Obviously, a commercial apartment, especially restaurants, bars, and laundries, will use utilities on a larger scale than a residential apartment. If the charges are not apportioned accurately among the owners, the residential owner may wind up subsidizing the commercial apartment owner who uses his unit for profit whereas the residential owner may live in his unit.

To alleviate this inequitable situation, Section 1 of this bill amends Chapter 514 to require that, through metering or other device, the utility charges for commercial and residential apartment owners shall be separately determined and separately paid. This requirement shall apply only to commercial apartments whose construction begins after December 31, 1977.

Your Committee has amended this bill by including two new sections relating to horizontal property regimes.

Section 2 of this bill amends Section 514-11 of the Hawaii Revised Statutes to require that the declaration include a designation of the parking stall or stalls assigned to the

apartment. It is the intent of your Committee that the declaration include an adequate description of the location of the parking stall or stalls so that a buyer or prospective buyer will know the location of the parking stall(s) where he will park his car.

Section 3 of the bill amends Section 514-20 of Hawaii Revised Statutes to require that the by-laws provide for a method of disclosure of the minutes of meetings of the board of directors and association of apartment owners.

Your Committee has heard testimony that it is sometimes difficult, if not impossible, for owners to get access to these minutes. Since the minutes contain the record of decisions affecting the owners' apartment, it is for that the by-laws provide for such disclosure, and your Committee has accordingly amended this bill to provide for that.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 978, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 978, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 717 Consumer Protection and Commerce on H.B. No. 1166

The purpose of this bill is to amend Section 275-9, Hawaii Revised Statutes, which prohibits the use, sale, or manufacture of devices or equipment designed to fraudulently obtain telecommunication services, by clarifying the application of this provision to cable television systems.

Your Committee has amended the bill by amending existing sections in order to emphasize the specific intent element of the crime. Thus, neither the mere possession, use, sale nor distribution of electronic equipment or the instructions for making or assembling such equipment constitutes prohibited conduct. Either the element of intent to obtain telecommunication or cable television services or transmissions without payment or the element of intent to conceal the existence, place, origin or destination of such services must also be present.

In addition, your Committee has deleted an amendment to Section 708-830, Hawaii Revised Statutes, which would have included theft of cable television services in the list of "theft" crimes. Your Committee interprets Section 708-830, Hawaii Revised Statutes, to presently encompass the theft of cable television services and transmissions.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 1166, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1166, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 718 Consumer Protection and Commerce on H.B. No. 1284

The purpose of this bill is to extend the statute of limitation from one to three years for civil or criminal actions which may be brought by the State regarding violation of Horizontal Property Regimes laws. Your Committee has amended this proposed time limit from three to two years.

According to testimony by the Real Estate Commission, the Commission has encountered a statute of limitation problem with a number of complaints, by the time it was able to bring formal action against certain developers.

Because most complaints deal with multi-million dollar condominium projects, extensive review of documentation is required before an investigation can be completed and charges brought. Further, the Commission has found that most developers usually prefer to negotiate rather than risk criminal or civil penalties. These negotiations can be complex and time consuming, and an extension of the statutes of limitation will guard against unforeseen complications which otherwise could result in the dismissal of a legitimate case.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 1284 as amended herein, and recommends that it pass Second

Reading in the form attached hereto as H.B. No. 1284, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 719 Consumer Protection and Commerce on H.B. No. 1182

The purpose of this bill is to increase the capital requirement from \$100,000 to \$500,000 for companies which desire to engage in the industrial loan business.

Your Committee has amended this bill by decreasing this capital stock requirement to \$300,000. The capital stock requirement of at least \$300,000 will be applicable to industrial loan companies which presently issue investment or thrift certificates or debentures to the public when such companies open an additional office or place of business after July 31, 1977.

This bill also provides that industrial loan companies desiring to engage in the industrial loan business but not to issue investment or thrift certificates to the public shall have a capital stock of not less than \$100,000 at all times.

Because of the widespread investment in industrial loan companies and the problems these companies are experiencing due to changed economic conditions, the Department of Regulatory Agencies has recommended this increase to protect public investors.

This increase in the capital requirement will insure that industrial loan companies which receive public investments have a larger capital base for their operations and is a measure of protection to public investors in the event the company is liquidated.

Your Committee is in accord with the intent and purpose of H.B. No. 1182, as amended herein and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1182, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 720 Consumer Protection and Commerce on H.B. No. 678

The original purpose of this bill is to limit the class of people entitled to recovery from the contractors recovery fund to homeowners or lessees and to increase the recovery fee assessment of contractors from \$50 to \$100.

This bill which amends the contractors recovery fund law proposes to limit the class of claimants protected to homeowners or lessees of real property who contract for the construction of improvements to their realty. The goal of this bill is to prevent the depletion of the fund by claims of business and union entities who have contractual problems with contractors.

In addition, the law which created the contractors recovery fund in 1973 required licensees who renewed their licenses in 1974, and each new licensee after that date, to pay a \$50 assessment. Reassessment was to be made on the annual license renewal date, if the recovery fund ever fell below \$150,000 as of December 31 of any given year.

In 1975, the law concerning license renewal was changed to provide for biennial renewal, thus postponing any reassessment collection for at least a year in the event the fund fell below \$150,000.

At present, the contractors recovery fund has a balance of \$104,150.09. According to the law, no reassessment may be collected until April, 1978, the next license renewal date. At that time, the fund may be depleted.

The bill increased the assessment from \$50 to \$100 since the assessment is biennial and no longer annual. However, your Committee amended this bill by increasing the assessment to \$200. Your Committee feels that this amount should be sufficient to pay any unpaid claims which might arise during 1977 as well as carry the recovery fund for the 1978-1980 biennium.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 678, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 678, H.D. 1, and be placed on the

calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 721 Consumer Protection and Commerce on H.B. No. 498

The purpose of this bill is to restate by renumbering, without substantive change, the Horizontal Property Act.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 498 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 722 Consumer Protection and Commerce on H.B. No. 1013

The purpose of this bill is to mandate that certain landlords shall pay interest on the security deposits of certain tenants.

Section 521-44 is amended to provide that landlords who own ten or more dwelling units within the State, shall pay interest to tenants with a rental agreement of one year or more at a rate equal to the interest rate paid by the financial institution where the security deposit is deposited, minus administrative expenses.

Your Committee is aware that many people have rental agreements of less than one year or are on a month to month tenancy but stay in the same dwelling unit for a lengthy period. If a security deposit is required, it would be inequitable for such tenants not to receive interest on their security deposits. Your Committee also believes that it would be inequitable to require landlords to undergo efforts to deposit a security deposit and keep and file appropriate records and reports when the landlord is not assured the tenant will have a stable length of occupancy. Thus for month to month tenants or those with a rental agreement term of less than one year who have remained in the same dwelling unit for a year, interest must be paid but the tenant's right to interest accrues on the anniversary of his occupancy date. Thus, interest is paid in the second year of occupancy but not the first.

The landlord must make annual interest payments since he holds the security deposit in trust, and if annual disbursements are not made, taxes must be paid on the monies generated upon the principal.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 1013, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1013, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 723 Agriculture on H.B. No. 1690

The purpose of this bill is to authorize the Board of Agriculture to designate areas of existing diversified agricultural production which are important to the future of agriculture in Hawaii. Once designated as "agricultural areas of particular concern," protective measures are proposed in an effort to enhance the permanence of agriculture within the area.

Your Committee finds that the protection of agricultural land through the exercise of zoning powers will not, in itself, insure the preservation of diversified agriculture. As with any other business, the viability of agriculture is dependent upon continuing investments of human and capital resources. An element of confidence is essential if such investments are to occur. When a sense of impermanence begins to pervade an area of agricultural production, the result is an unwillingness to invest in the future and a gradual deterioration in productivity and competitiveness.

Your Committee further finds that one means of establishing a sense of permanence in agricultural areas is to create agricultural parks.

Accordingly, your Committee has amended this bill to provide that the Legislature, by concurrent resolution, may designate specific areas within the State Land Use Agriculture District as "agricultural parks." All references to the Board of Agriculture have been deleted and the term "agricultural parks" has been substituted for the term "agricultural areas of particular concern."

Your Committee on Agriculture is in accord with the intent and purpose of H.B. No. 1690, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1690, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 724 Agriculture on H.B. No. 1711

The purpose of this bill is housekeeping, and to eliminate ambiguous and obsolete definitions and to clarify the modern metric system definition of "SI".

Because there is a Branch of Weights and Measures within the Division of Weights and Measures, the Division of Measurement Standards is proposed as the new name.

There is no increase in any statutory authority; only those reductions which result in more harmonious relations between the Departments of Health and Agriculture, by eliminating overlapping authority.

Your Committee on Agriculture is in accord with the intent and purpose of H.B. No. 1711, and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 725 Judiciary on H.B. No. 1436

The purpose of this bill is to clarify certain provisions of the campaign spending law to allow for more effective implementation of the law.

House Bill 1436 provides civil sanctions which would allow the campaign spending commission to fine those individuals and organizations who intentionally violate the law. Present statutory provisions include criminal sanctions for violations of the campaign spending law. However, as an administrative agency, the campaign spending commission does not have the authority to bring criminal action and must do so through a prosecuting authority. Further, there are difficulties in bringing criminal action against violators of the law unless violations are of such a serious or flagrant nature. Most violations of the campaign spending law can be handled by civil sanctions. Further, civil actions are more appropriate to the administrative nature of the campaign spending commission and allow for direct enforcement of the law.

The bill also clarifies the definition of "committee". The present law provides that any person making a contribution or expenditure of his own funds or thing of value originally acquired for personal use is excluded from the definition of committee. Your Committee found that the term "person" as defined was too broad and therefore has substituted the term "individual".

The bill increases the penalties for knowing violations by changing the offense from a petty misdemeanor to a misdemeanor and by increasing the fine which may be applied to corporations, organizations or associations.

In addition, the bill lengthens the period the campaign spending commission has to act on alleged violations of the law. This is to provide the commission with a realistic period of time in which to resolve allegations of violations. The present one year limitation has been found to be too limiting, leaving many allegations unchallenged or unresolved.

Your Committee has amended H.B. No. 1436 as follows:

(1) By deleting the section relating to the exemption which permits campaign committees to collect up to \$250 in certain situations without the necessity of disclosing the contributors. House Bill 1436 would have reduced the amount from \$250 to \$100. Your Committee feels that the \$250 threshold should be maintained as a recordkeeping burden would be placed on the campaign committees if the limit were lowered.

(2) By deleting the provision relating to the delivery of a written request to the appropriate prosecuting authority before public disclosure of contents in criminal cases.

(3) By deleting the provision which provides the commission with the power to request the appropriate prosecuting authority to bring civil action. The effect of the amendment would be to have the commission bring action in civil cases.

(4) By providing for a two year period in which the civil or criminal action may be brought. House Bill 1436 had provided for a four year period.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 1436 as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1436, H.D. 1 and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 726 Employment Opportunities and Labor Relations on H.B. No. 132

The purpose of this bill is to extend unemployment insurance benefits as provided by the Hawaii Employment Security law, to all agricultural workers. Under the existing statutes, all farm laborers are not treated like other workers for unemployment benefit purposes. Only workers of agricultural employers who employ 20 or more employees during 20 or more weeks in the current or preceding calendar year are eligible for unemployment insurance benefits.

As the State agency responsible for the administration of the unemployment insurance program, the Department of Labor and Industrial Relations testified in favor of this measure. At the same time, however, the department informed your Committee that further amendments to the State's law will be necessary to conform to new requirements under the federal Unemployment Compensation Amendments of 1976, P.L. 94-566.

Your Committee finds that these conformity amendments are necessary to provide for:

(1) certification of Hawaii's law by the United States Secretary of Labor which would offset most of the federal unemployment insurance tax by payments required under the State law. If the State law is not certified by the Secretary of Labor, employers subject to the Federal Unemployment Tax Act must pay the full federal tax as well as payments required under the State's unemployment insurance laws;

(2) if the State law is certified by the Secretary of Labor but does not provide as extensive coverage as the federal law prescribes, employers in the uncovered areas must pay the full federal tax with no offset credit, but their employees will not be covered by the State's unemployment insurance program.

Therefore, your Committee has amended this bill to include the following federal requirements under the Hawaii Employment Security law:

(1) Allowing consideration of the Virgin Islands as a state once their unemployment insurance law is approved by the United States Secretary of Labor. Hawaii currently covers employment in the Virgin Islands if it is performed by an American citizen for an employer registered in Hawaii. This amendment authorizes an interstate agreement between Hawaii and the Virgin Islands for the purpose of taking and processing unemployment insurance claims and for combining wage claims.

(2) Extending coverage to agricultural workers. Hawaii currently covers workers of agricultural employers of 20 or more workers in 20 or more weeks in the preceding or current calendar year. This amendment extends coverage to workers of agricultural employers who paid cash wages of at least \$20,000 in any quarter in either the current or preceding calendar year or had 10 or more employees in 20 or more weeks. Beginning January 1, 1978, under the Federal Unemployment Tax Act, agricultural employers may claim offset credit for State contributions against federal unemployment taxes. Transitional financing of unemployment benefits based on newly covered service is also provided by allowing payment from the trust fund which will be reimbursed by the federal government.

(3) Converting agricultural employers presently under self-financing status to contributory status. Hawaii currently permits agricultural employers to participate as a self-

financing plan employer under 384 HRS or as a contributory plan employer under 383 HRS. If agricultural employers, newly covered under the federal Unemployment Compensation Amendments of 1976, P.L. 94-566, wish to receive offset credit against their federal unemployment tax by paying state contribution, all agricultural employers currently covered under 384 HRS, Hawaii Agricultural Unemployment Compensation Law, must be covered effective January 1, 1978 under 383 HRS, Hawaii Employment Security Law.

(4) Extending coverage to domestic workers. Hawaii currently covers any domestic worker who is paid at least \$225 in a calendar quarter by a single employer. This amendment adds the federal coverage provision to insure the workers will be properly covered and that employers will be eligible for full offset credit against federal unemployment taxes.

(5) Allowing governmental employers to elect contributory status. Hawaii currently requires governmental employers to be self-financed. This amendment would allow these employers to elect the financing of employee benefits on a contributory or self-financing basis.

(6) Denying benefits to certain professional school employees between terms of their school employment. This amendment specifies that benefits are to be denied to professional school employees between school terms if there is reasonable assurance of their reemployment.

(7) Denying benefits to athletes between sport seasons and to certain aliens. Hawaii currently does not have provisions that prohibit the payment of benefits to athletes between sport seasons, for participation, preparation or training for sports events, or to illegal aliens who performed services in covered employment.

(8) Financing of extended benefits for state and county government workers. Hawaii currently stipulates that governmental employers must pay for one-half of extended benefits paid to former employees. This amendment charges the full amount of extended benefits for self-financed governmental employers. Contributory governmental employers will be charged for one-half of the extended benefits paid to their former employees.

(9) Modifying the extended benefit triggers. Hawaii currently provides extended benefits when the federal insured unemployment rate reaches 4.5 per cent (seasonally adjusted) or when the State's insured unemployed rate reaches 4 per cent and is at least 20 per cent higher than the average of the rate for the periods in two preceding years. This existence of a 4 per cent insured unemployment rate and a 20 per cent increase over the average of the rate for the preceding two years is indicative of an unusually high level of unemployment in the State. This amendment allows the State to provide extended benefits when the State unemployment rate reaches 5 per cent, regardless of the level of unemployment in the two preceding years.

Your Committee on Employment Opportunities and Labor Relations is in accord with the intent and purpose of H.B. No. 132, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 132, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 727 Finance on H.B. No. 941

The purpose of this bill 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 home ownership 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 home ownership 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.

Your Committee has amended the bill by deleting Sections 5 and 6 relating to appropriations.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 941, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 941, H.D. 2.

Signed by all members of the Committee.

SCRep. 728 Judiciary on H.B. No. 967

The purpose of this bill is to provide that any provision in a will which purports to subdivide a parcel of land and to devise the subdivided lots be unenforceable.

Your Committee finds that under present law testators have exercised the power to leave real property by will to effect subdivision of the property for the purpose of devising the subdivided lots to devisees under the will without proper government approval of the subdivision and without complying with the applicable subdivision laws. In other words, testators have been able to bypass our subdivision laws, accomplishing by will what they otherwise would not have been able to do. Your Committee finds that such a practice should not be allowed to continue.

This bill would make such purported subdivisions unenforceable. The devisees under such a will provision would instead take undivided interests in the whole parcel of land. The undivided interest would be in the same proportion that the size of the lot attempted to be devised bears to the whole parcel of land.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 967, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 729 Agriculture and Water, Land Use, Development and Hawaiian Homes
on H.B. No. 1505

The purpose of this bill is to define the term "agriculture" to include aquaculture which shall mean the production of aquatic plant and animal life for food and fiber within ponds and other bodies of water.

Your Committees has amended the bill by specifying the applicability of the amendment to Section 205-2, Hawaii Revised Statutes, relating to the land use commission in order to clarify the classification and districting of agricultural districts to include aquaculture as a permitted activity.

Your Committees on Agriculture and Water, Land Use, Development and Hawaiian

Homes are in accord with the intent and purposes of H.B. No. 1505, H.D. 1, as amended herein, and recommend that it pass Third Reading in the form attached hereto as H.B. No. 1505, H.D. 1.

Signed by all members of the Committees.

SCRep. 730 Energy and Transportation on H.B. No. 1604

The purpose of this bill is to give the counties the full responsibility of maintaining all roads, alleys, streets, ways, lanes, trails, and bridges in the state, opened, laid out, or built by private parties and dedicated or surrendered to the public use and declared to be public highways.

Your Committee finds that there are many private roads, alleys, streets, ways, lanes, trails, and bridges throughout the state which have been heavily used by the public. Your Committee also finds that these private roads have not been adequately maintained and therefore, should be dedicated or surrendered for public use and maintained by the counties.

Your Committee on Energy and Transportation is in accord with the intent and purpose of H.B. No. 1604 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 Cobb, Machida, Mizuguchi and Takamine.

SCRep. 731 Finance on H.B. No. 894

The purpose of this bill is to enable the City and County of Honolulu to impose an annual charge of 50¢ on all registered vehicles to be used for highway beautification and disposal of abandoned vehicles.

The Legislature established a staggered registration system for motor vehicles through Act 237, Session Laws of Hawaii, 1976. However, in the bill redrafting process, the paragraph dealing with Highway Beautification and Disposal of Abandoned Vehicles Revolving Fund was inadvertently deleted. Your Committee finds that the City's Licenses Division registered approximately 418,000 motor vehicles in fiscal year 1975-76 which generated \$205,000 for highway beautification and disposal of abandoned vehicles. The additional income derived from the 50¢ annual charge will drastically reduce the general fund expenditures required for such purposes. Your Committee further finds that the changes reflected in Act 237, Session Laws of Hawaii, 1976 will become effective on January 1, 1978, therefore, the amendment proposed by this bill is necessary this session.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 894 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 732 Finance on H.B. No. 1175

The purpose of this bill is to increase the public employer's monthly contribution to the Health Fund's Dental Plan from \$3.26 to \$3.74 for each child under age 19, in order to maintain the current level of benefits for the children of State and county employee-beneficiaries enrolled for dental benefits. An appropriation of \$354,000 is necessary to fund the State's share of the anticipated 15% increase in dental insurance premiums for the 1977-1979 biennium; \$175,000 for fiscal year 1978 and \$179,000 for fiscal year 1979.

Current Dental Plan benefits consist of a 100% payment for diagnostic services which include annual exams, semi-annual teeth cleaning, x-rays as required, and emergency care, and a 60/40% co-payment for other dental services excluding orthodontics.

Without additional funding, employee beneficiaries will be required to pay a higher portion of their family's dentist bills because benefits will be reduced to a 100% payment for diagnostic services and a 50/50% co-payment for other dental services.

Based upon the intent of past Legislative sessions, the Health Fund has neither diminished nor impaired the level of employee benefits originally funded by the Legislature. Through its Board of Trustees, it has continuously maintained a uniform level of benefits over the years as well as improved the scope of such benefits only after evaluating and determining the medical, dental and group life insurance needs of all employee-beneficiaries.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 1175, and recommends it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 733 Finance on H.B. No. 1531

The purpose of this bill is to make certain amendments to HRS Section 246-10(g), relating to the assessment of buildings.

Under the present law, the buildings are assessed using the cost of replacement less depreciation, if any, and it requires the director to use average-basic replacement cost figures.

The proposed amendment under this bill as amended by your Committee will require that the buildings be assessed using current average-basic replacement cost figures.

Your Committee has also added a sentence to the first paragraph of Section 246-10(g). The paragraph, as amended is to read:

"Buildings shall be valued each year upon the basis of the cost of replacement less depreciation, if any. Age, condition, and utility or obsolescence shall be considered. The director shall determine and require the use of current average-basic replacement cost figures. However, if the cost method is not applicable in the valuation of any building, the assessor may then use any other method more suitable in the valuation of such buildings."

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 1531, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1531, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 734 Finance on H.B. No. 992

The purpose of this bill is to eliminate the general excise tax of 4 per cent on insurance commissions paid by general agents and subagents, and the 2 per cent tax on solicitors

Section 1 of this bill amends the General Excise Tax Law by deleting HRS Section 237-13(7) therefrom which would have the effect of exempting insurance solicitors licensed pursuant to HRS Chapter 431 from the imposition of the general excise tax.

Section 2 of this bill makes conforming amendments to HRS Section 237-18(f) relating to the reporting of commissions which are divided between licensed insurance solicitors and general agents/subagents. These amendments would delete all references to insurance agents, general agents, subagents or solicitors who, by virtue of Section 1 of this bill, would be exempt from the general excise tax.

Section 3 of this bill also makes conforming amendments to HRS Section 237-23(a)(4) by providing that insurance solicitors, subagents and general agents licensed pursuant to HRS Chapter 431 will be exempt from the general excise tax along with insurance companies which pay the State a tax upon their gross premiums under HRS Chapter 431.

It is common practice that the excise tax levied under Chapter 237 are "passed on" to consumers. However, insurance solicitors are unable to pass on the tax because under the Hawaii insurance laws, the Insurance Commissioner approves rates for various types of insurance coverages and upon approval, the insurance must be sold at the approved rates without any added charges.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 992 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 735 Finance on H.B. No. 8

The purpose of this bill is to authorize the issuance of economic development bonds by the State of Hawaii to alleviate unemployment problems confronting the State and to provide further assistance for continued growth and development of the State's economy.

The bill provides that prior to the issuance of State economic development bonds, a certificate of convenience and necessity must be issued by the department of planning and economic development. Among other things, the following conditions must exist prior to the issuance of the certificate:

1. Opportunities for employment are inadequate in the area from which the proposed development plan would reasonably draw its labor force and that there exists in that area a condition of substantial and persistent unemployment or underemployment; and
2. The proposed project will provide employment having a reasonable relationship to the volume of the bonds issued as compared to investment per employee of comparable facilities elsewhere in the private sector

Your Committee has made minor technical amendments on page 4, line 18 and page 7, line 2.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 8, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 8, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 736 Finance on H.B. No. 878 (Majority)

The purpose of this bill 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.

The bill has been amended by deleting the phrase "and carry out" on lines 19 and 20 on page 2.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 878, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 878, H.D. 2.

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

SCRep. 737 Finance on H.B. No. 1375

The purpose of this bill is to authorize suit by 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.

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.

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. Charges against the Reineckes were heard by the

Commissioners of Public Instruction and, despite insufficient evidence that either had attempted to influence the political thinking of students, they were dismissed from their jobs.

Twenty-eight years later, on October 7, 1976, the Board of Education found that John and Aiko Reinecke were wrongfully discharged from their jobs and recommended legislative relief be granted to them.

Your Committee has substantially amended this bill to authorize suit against the State of Hawaii by John E. Reinecke and Aiko T. Reinecke. This proposal is made after full review and consideration by your Committee that suit against the State is a proper course of action. Your Committee respectfully requests that the Judiciary will act expeditiously when this matter is brought before the courts.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 1375, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1375, H.D. 2.

Signed by all members of the Committee.

SCRep. 738 Finance on H.B. No. 1347

The purpose of this bill is to provide for the continued operation of the Waianae Hawaiian Heritage Cultural Center.

The Waianae Hawaiian Heritage Cultural Center has provided cultural, recreational and educational opportunities to the residents of the Waianae Coast for the past two years.

Although funding is no longer available, your Committee finds that there is a continued need for these opportunities. This bill appropriates \$36,000 for the 1977-78 fiscal year to continue operation of the Waianae Hawaiian Heritage Cultural Center.

Your Committee has amended this bill to make minor revisions in Section 1.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 1347, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1347, H.D. 2.

Signed by all members of the Committee.

SCRep. 739 Legislative Management

Informing the House that House Resolution Nos. 507 to 518, House Concurrent Resolution Nos. 94 to 97, and Standing Committee Report Nos. 714 to 738 and 740, have been printed and distributed.

Signed by all members of the Committee.

SCRep. 740 Finance on H.B. No. 892

The purpose of this bill is to provide appropriations for the fiscal biennium July 1, 1977 to June 30, 1979 and authorize the issuance of bonds.

BACKGROUND TO THE BUDGET

Deliberations and decisions on the State's budget have come at a time when the economic mood is mixed: increased optimism nationally as a result of economic initiatives taken by the new national administration and now being considered by the 95th Congress, but continued uncertainty in the Hawaiian economy as a result of high unemployment, a lagging construction industry, and the severe plight of the sugar industry.

The prospect of a recovering national economy is a welcome one, because the major factor in Hawaii's economic health is an expanding national economy. Moreover, the possibility that the federal government will act in such areas as tax rebates, tax incentives and relief, jobs programs, and emergency public works bodes well for state and local economies. State government lacks the fiscal and monetary powers to stimulate the

economy in the manner in which the federal government can, but its efforts should at least be complementary. In the face of continuing and distressingly high jobless rolls, the overriding priority which your Committee has assigned to the expenditure plans of State government is the concentration on those programs which, over the immediate term, hold some promise of creating jobs and which, over the longer term, are designed to have a healthy effect on the Hawaiian economy.

Important too has been the necessity to control State spending and to hold planned expenditures to the levels of expected revenues. With the assistance of the subject matter committees, your Committee has given careful and close scrutiny to existing State programs and the administration's proposals for program changes. Some programs have been expanded where the evidence is clear that public benefits will accrue, but where the benefits are questionable, programs have been held to current service levels and in some cases contracted. Overall, the pruning done by your subject matter committees and your Committee has resulted in a budget with general fund expenditures falling some \$5 million under the general fund level recommended by the governor in the executive budget.

Beginning with employment programs and programs for economic development, there follows in this report highlights of the provisions of the general appropriations bill and other measures, and expressions of legislative intent, interest and concerns:

EMPLOYMENT

Unemployment

No problem is as pressing for the State and the Nation as the current economic recession and the accompanying high unemployment. Eight and one-half per cent of the State's labor force was unemployed during the 1976 calendar year, which represents a significant increase over the 7.2 per cent rate for the 1975 calendar year. It is the highest Hawaii has experienced in years and is an indication of the relatively unfavorable employment outlook in the near future.

The federal government has initiated programs to assist the individual states, and Hawaii has provided further assistance to its jobless. Your Committee recognizes that measures to reduce unemployment must be undertaken in concert with federal action to be most effective.

To achieve full employment, a mix of policies is required which includes coordination among economic manpower, welfare, and education policies and the improvement of coordination between the private and public sectors. These policies must be accompanied by objectives and strategies which ensure a stable labor force and employment levels consonant with a healthy economy and a high standard of living.

State Program for the Unemployed

The passage of Act 151, Session Laws of Hawaii 1975, created the State program for the unemployed and provided \$11 million for public service jobs. This program was sustained and expanded by Act 134, Session Laws of Hawaii 1976. Again, the State's major efforts will be the continuance of the State program for the unemployed: An appropriation of \$17 million for fiscal year 1977-78 is made for immediate public service employment and subsidies and loans to private employers. In step with the emphasis of the new national administration, the State has authorized the department of labor and industrial relations to provide all forms of job training including institutional training, on-the-job training, upgrading of skills and retraining, and to subsidize private employers willing to hire and provide job training to unemployed persons.

Accelerated Repairs and Maintenance Program.

Through a separate bill, your Committee has appropriated \$5 million for the purpose of accelerating the repairs and maintenance of public facilities. Priorities for R & M projects will be established through a mechanism which requires the department of accounting and general services to consult with the department of labor and industrial relations to determine the unemployment categories which can be relieved or ameliorated by R & M projects. Your Committee continues to believe that the repairs and maintenance program can stimulate the construction industry over the short term, because it is labor-involves trades sharply affected by unemployment, and can be accelerated quickly

without the long lead time required for major construction projects.

Jobs and Population.

No single set of actions will provide immediate solutions. Reducing unemployment within our economic framework will require time, but the direction should be set now so that the State can progress in a deliberate, planned, and coordinated manner. Since 1970 the growth in new employment opportunities in Hawaii has not kept pace with the natural increase in population. A planned population growth for the State must be considered along with policies to provide job opportunities for Hawaii's permanent residents and discourage the recruitment and importation of out-of-state labor. Appropriations have been made for a pre-embarkation pilot project to disseminate information to primary immigrant source nations about Hawaii's economic and employment conditions as well as for an information program to discourage in-migration.

ECONOMIC DEVELOPMENT

Agriculture

Diversified Agriculture. The diversification of agriculture has long been a major goal of the State. Not only would it provide for greater self-sufficiency for Hawaii, but it would also develop the export potential of the islands. Your Committee has provided funds to support various program and activities necessary for the growth of diversified agriculture. Particular attention has been placed on the development of a master plan for diversified agriculture to ensure coordinated, optimal growth of this industry; the production and marketing of Hawaiian agricultural commodities; and the development of an efficient system of transporting these commodities to the marketplace.

Sugar. Long one of Hawaii's major industries, sugar is currently facing unprecedented competition coupled with drastic declines in prices. A permanent solution to the problems of the sugar industry can only come about through action at the national level, initially through changes in sugar import quotas and then through the stabilization of some form of national sugar act. In the meanwhile, some State assistance is clearly necessary and appropriate, and your Committee has provided funds to the Hawaii Sugar Planters Association to enable it to continue its research efforts.

Agriculture, Instructional and Research

As one of the major industries in Hawaii, your Committee believes that agriculture should be given full support, especially through the instructional, research and field service programs at the University of Hawaii.

In the past, the Legislature has maintained that it is important to support students pursuing the field of agriculture to ensure professional competence among those entering Hawaii's agricultural industry as self-employed farmers or workers in other agricultural employment areas. Consequently, the College of Agriculture at Hilo was established to complement the instructional programs offered at the College of Tropical Agriculture at Manoa Campus. The College of Agriculture, which opened in the fall of 1975, offers educational programs based on early acquisition of production training and practical experience in agriculture. To stimulate the development of the College, funds have been included in this budget for additional instructional positions. The practical experience aspect of the program, however, has not been fully implemented since the University is still developing a plan for a farm which will provide various types of "hands-on" training to fulfill the program goals of the College. Your Committee is concerned over this delay and directs the University to accelerate its planning efforts.

The research and field service activity which supports agriculture in the State's economy is provided through the Hawaii Agricultural Experiment Station and Cooperative Extension Service located on Manoa Campus with branch offices in rural Oahu and on the neighbor islands. Your Committee realizes that HAES's scientific investigations and experimentation are an important part of the instructional programs and that HAES and CBS programs have widespread implications for the State's agricultural industry when the resulting information is passed on to assist the farmers. Thus, your Committee has included funds to support agricultural research and service efforts at the University.

Tourism

In the past decade, the visitor industry has become Hawaii's largest and most important industry. With the growing needs of an ever-increasing population, state planners and economists are looking even further to the visitor industry to provide a major portion of new employment in the future.

To ensure that Hawaii's visitor industry will continue its growth and provide needed employment opportunities in a way which will not detract from the desirable economic, social and environmental aspects of Hawaii, the legislature mandated that a tourism policies plan be developed to prescribe guidelines for the quality growth of the industry. Funding has been provided to establish an office of tourism, a tourism coordinator and staff to formulate and implement the plan and to address the problems and concerns of the visitor industry. Funding has also been provided for the costs of an industry council which has been established to assist the office of tourism.

With respect to the problem of low occupancy rates experienced by areas such as Hawaii county, the Hawaii Visitors Bureau has been directed specifically to address the needs of Hawaii County from a promotional standpoint. Continued funding support has been provided in this regard.

Aquaculture

The 1976 legislative session appropriated funds for the development of a statewide plan for aquaculture. Additional funds have been appropriated to sustain the momentum generated by the aquaculture planning program and to ensure that immediate actions will be initiated to encourage and promote commercial development of aquaculture in Hawaii.

Energy

Although Hawaii has no fossil fuel reserves and is not likely to have the capacity to accommodate large nuclear power plants, even if such were desirable, it is blessed with great potential for conversion of solar and geothermal energy for public consumption. Thus, your Committee has provided for continued research and development of viable alternative energy resources in planning for Hawaii's energy future.

Investment and Employment Tax Credits

Through a separate measure, your Committee has provided for an investment tax credit which will encourage the renovation and expansion of capital facilities of industries in Hawaii. The measure also provides an employment tax credit to employers of persons who have been receiving State public assistance or unemployment compensation.

LOWER EDUCATION

The Importance of the Individual School

An educational system is composed of individual schools. To improve the system, the individual schools must be strengthened. This is the basic philosophy your Committee has pursued in structuring the appropriations for lower education.

The importance of the individual school can emerge only if a new perspective is adopted in viewing the school system. If changes and improvements are to take place, there must be a recognition that schools are different, each with its own special strengths and weaknesses. This perspective requires a fundamental change in focus from that of seeking improvements and applying resources to the department of education's current effort to give schools greater authority and responsibility. Through the appropriations which have been made, greater authority will be accorded the individual schools to plan, budget, administer, and be held accountable for programs to meet the basic needs and special needs of their students.

School-by-School Appropriations for Regular Instruction

The change in appropriations structure made to refocus attention upon the individual school was to provide for school-by-school appropriations within the regular instruction

program, which comprise nearly half the budget for lower education. Only the regular instruction program, for which the department of education sought funding under one lump sum, is affected by school-by-school appropriations. The manner of appropriating funds for all other school programs, such as counseling, school administration, compensatory education, and special education, remains unchanged.

Your Committee established two categories of appropriations for operating expenditures: 1) for basic needs, and 2) for special needs. The basic needs category provides for the basic instructional needs of regular students, for their teachers, and for classroom supplies and equipment. The amounts in this category were based on school-by-school budgets for regular instruction which were submitted by the department of education. Funds appropriated in the special needs category are additional funds which each school may expend for additional supplies to augment regular instruction, and for such other purposes as will benefit students and improve the instruction program of the school. The amounts appropriated to each school are based on a formula which provides each school with an initial \$2,000 amount for each fiscal year of the biennium and, additionally, \$14 per pupil for FY 1977-78 and \$15 per pupil for FY 1978-79. The formula assures that smaller schools will receive meaningful amounts to meet their special needs and also acknowledges the needs of schools with larger enrollments. Using enrollment data provided by the department of education, the formula has been strictly applied without deviation to all schools.

Recognizing that school-by-school appropriations constitute a major change in appropriations structure, provisos have been included to allow the department of education some flexibility to meet contingencies and to minimize paperwork. Among the special provisions in the bill which complement school-by-school appropriations are provisions which (1) allow the department to transfer personnel positions and funds from one school to another in response to increases or decreases in enrollment; (2) establish contingency funds at the district level to pay for personnel costs at any school if, for example, the salaries of new hires exceed the amounts originally budgeted; (3) establish a statewide reserve fund to supplement appropriations to schools and to meet contingencies for personnel positions, supplies and equipment; (4) permit school salaries to continue to be paid from a central salary account; and (5) permit school-by-school appropriations to be considered as one single appropriation accounting by the department of accounting and general services.

Instructional Resource Augmentation/3-on-2

To further increase authority over educational policy at the individual school level, this bill phases out 3-on-2 as a statewide program and gives individual schools the authority to redefine the 3-on-2 positions.

3-on-2 is a pattern of instructional organization which places three teachers with a class twice the normal size. The additional cost for 3-on-2 has been some \$10 million annually. The department of education experimented with the 3-on-2 organization in an effort to improve the instruction of children in the primary grades, but the recent independent evaluation commissioned by the department showed that 3-on-2 failed to help students learn better. Learning gains made by 3-on-2 students were not appreciably greater than gains made by students in traditional, self-contained classrooms, and there were serious imperfections in the conceptualization, design, and operation of 3-on-2 which had not been corrected over the more than eight years of its use in the schools.

While 3-on-2 did not produce the results intended, there remains the vital need to improve instruction during the crucial, early years of schooling. Thus, although 3-on-2 as a specific teaching configuration will be phased out, the resources devoted to that project will continue to be dedicated to the advancement of elementary education. The personnel who carried out 3-on-2 will remain engaged in the search for better ways to help young children learn.

For each school, the principal, in consultation with the 3-on-2 teachers and educational assistants involved, other faculty members and, if practicable, with the school advisory council and parents, will decide how the 3-on-2 positions will be used for instructional purposes. It is intended that the school's decision should be made from a broad range of choices, including using the 3-on-2 positions for tutors, teachers of small groups, teachers for certain groups of students such as those with limited English-speaking ability, teachers for those students with special talents or interests, teachers for those experiencing difficulties in the basic skills, teachers in self-contained classrooms, teachers in team teaching configurations other than 3-on-2, or teachers of specialized

subjects in such areas as the basic skills, art, music, or physical education.

Expanded Education Programs

In addition to appropriations made to provide for the continuation of current services and for the staffing, equipment, and supplies of new schools and libraries, this bill includes appropriations to expand services in certain areas. It provides for additional vocational education teachers to complete the implementation of the Pre-Industrial Preparation Program and the Introduction to Vocations Program at ten high schools; for the expansion of special education services in regular schools, at the Hawaii School for the Deaf and Blind, at the Jefferson Orthopedic Unit, and at Pohukaina School; for second librarians for five high schools; for the testing of a teacher evaluation system, the Educator's Individualized Assessment System; for additional counselors in growing schools; for the restoration of funds deleted by the executive but needed to maintain current levels of student participation in state student government activities; for additional positions to provide diagnostic services to identify students with special needs; for the purchase of electric ticket takers to protect the anonymity of disadvantaged students receiving free or reduced-price lunches; and for new custodians for schools with enlarged enrollments.

This bill also provides funds in areas of special legislative interest, including appropriations for the blue water marine program, the continuation of the special education summer program, a program for the intellectually and artistically gifted, reading teachers, a pilot project to provide services for the learning disabled, and art, music and physical education specialists at the elementary school level. Other separate bills which make appropriations for lower education provide for a blue-ribbon committee to advise the legislature on the minimum competency requirements in basic skills and real-life skills that students should have, for the expenses of school councils, and for a pilot project to determine the effectiveness of the State's manpower training program.

As the legislature and the department of education proceed to implement the focus of seeking improvements in individual schools, it is your Committee's expectation that the college of education at the University of Hawaii will provide support to this effort and that it will work closely with the department of education in pursuit of the ultimate goal of excellence in public education.

In summary, the education budget highlights the importance of individual schools and the importance of students acquiring competency in the basic skills. Since it is in the elementary school that the foundations of reading, writing and computational skills are laid, the initial emphasis has been at the elementary level. However, even though the current focus has been on the early years of schooling, it is expected that improvements in secondary education--in strengthening intermediate schools and high schools--will soon be receiving increased legislative attention. And finally, it should be noted that, although major changes were made in the appropriations structure, the total appropriations for lower education are within the program ceiling recommended by the governor in the executive budget.

HIGHER EDUCATION

Personnel Resource Utilization

During periods of fiscal austerity, the University administration generally gives first priority to maintaining instructional positions over equipment, supplies and other operational expenses. Your Committee finds that because this has been the case over the past five years, budget reductions in the University's operational expenditures have been met through savings in personnel costs.

Your Committee feels that the University should begin its search for personnel cost savings at the administrative level. The University presently has a large number of top-level administrative personnel and your Committee believes that there is a need for streamlining in this area. The University is therefore directed to review all administrative service requirements and to make necessary workload adjustments. Further, the University is requested to refrain from acquiring additional top-level administrative personnel and to reduce the number of administrative personnel through attrition.

The 1973 Audit of the University of Hawaii's Faculty Workload conducted by the Office of the Legislative Auditor revealed that there were no clear and explicit policies governing University faculty and that faculty members were not being utilized efficiently.

Your Committee finds that the estimated average faculty workload for the University of Hawaii at Manoa is 8.3 hours and for the community colleges 13.3 hours for the 1976 fall semester. Your Committee also finds that to date, there still are no systemwide policies relating to faculty workload. To deal with its budgetary shortcomings, your Committee recommends that the University administration consider personnel cost savings by increasing faculty workload and possibly class size before proposing the elimination of class courses. Your Committee also recommends that the University administration monitor faculty workload at the four- and two-year campuses to determine effective utilization of faculty resources and make proper adjustments wherever needed.

VOCATIONAL EDUCATION

Hawaii's economic and employment conditions have placed greater emphasis on the State's vocational education programs which offer student occupational skills training to increase their employability. This is evidenced by the rising student enrollment in the State's vocational education programs from approximately 39,000 in 1970 to 61,000 in 1976 and which is expected to reach 92,000 by 1981.

Despite the increase in student enrollment, your Committee finds that over the past five years there has been a decrease in expenditures for equipment replacement and maintenance, the purchase of supplies, and other operational costs in vocational education programs in the University's community colleges. The Legislature has expressed a strong philosophical commitment to the State's vocational education programs in prior years as well as a budgetary commitment of over \$8 million in State funds for the current fiscal year. While mindful that budget cutbacks have required the University administration to reallocate its operations funds, your Committee believes that more discretion should be exercised in the reduction of equipment and supplies which are integral to quality vocational/technical instruction programs.

University Without Walls

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 occupational skills. Educational credit is awarded for life and work experience and concentrated weekend class schedules allow students to complete their degrees.

Presently, Central Michigan University is being contracted for the delivery of the program; however, your Committee feels that eventually this program should be implemented by the University of Hawaii when it develops an extended baccalaureate degree program. Until such a program is developed, your Committee supports the continuation of the University Without Walls program whereby any higher education institution, especially those in Hawaii, offering a comparable program may be contracted for the delivery of the program. Funds for this program are being provided in a separate bill.

Undergraduate Program

Your Committee reaffirms its long-established commitment to undergraduate instruction and believes that every attempt must be made to accommodate student needs at the basic higher education level. Cooperation from the entire University community is requested in fulfilling student needs by making necessary adjustments in class size, student-faculty ratio and teaching loads. The University administration is further requested to persist in its efforts to obtain undergraduate level reciprocal agreements with other universities.

Library Services

A good library system is an essential component of a quality university system because its books, films and other learning resources complement and broaden the scope of classroom instruction. Due to its long established commitment to a quality higher education, the State has invested large sums of money toward the development of an extensive library system to meet the needs of the various campuses. However, your Committee is concerned that budget restrictions in recent years have adversely affected the development of library facilities and services at the University.

By most statistical standards of the Association of Research Libraries, Manoa, which

provides university-wide service, has an average ranking. Manoa's Sinclair and Hamilton Libraries fall short of the standards for volume holdings, acquisition rate and staffing. Similar problems exist in the other campus libraries throughout the University system.

Your Committee reaffirms its commitment to a quality library system for the University and has, therefore, provided funds in the budget toward this end.

Allied Health

In the past, hospitals operated schools and training programs to meet their manpower needs. These programs, however, were phased out in favor of a centralized allied health program in the community college system which was established at Kapiolani Community College (KCC). Your Committee was disturbed to find that, due to existing budget constraints, KCC, which is the only community college offering allied health training, proposed that certain allied health programs be offered on an alternating year basis rather than yearly.

Your Committee is concerned that the deceleration of certain allied health programs might result in an increase in health care costs as hospitals would be forced to advertise and recruit for qualified personnel from out-of-state. Given the 82 per cent employment rate of allied health graduates, your Committee finds that, in these times of high unemployment, priority should be given to programs such as allied health which meet a job market demand. Therefore, funds have been included in the budget and in a separate bill to insure full funding of KCC's allied health program.

WICHE

Your Committee believes in providing optimum accessibility for Hawaii's residents to pursue higher education by offering State support wherever feasible. Therefore, funds have been included for the continuation of the WICHE program through the 1977-79 biennium. The funds provided will allow the continuance of Hawaii's participation in the Western Council of Higher Education for Nursing (WICHEN), the Regional Program for Nursing Research Development, Western Society for Research in Nursing, and the Western Council on Mental Health and Human Services and other programs which provide professional improvement training. Most of the funds appropriated to WICHE, however, are to be used for the Student Exchange Program (SEP) which is primarily for graduate study in professional fields not offered at the University of Hawaii. Presently, there are 100 students in this program and 111 students will be assisted each year during the biennium.

While your Committee is in support of SEP, it is concerned about the steadily increasing future financial commitment required of the State as the support fees required by the schools SEP students attend tend to increase every two years. In these times of fiscal austerity, attempts must be made to stretch our dollars in a fiscally responsible manner to accommodate various program needs. Therefore, it is the feeling of your Committee that an examination of the WICHE SEP program policies and administration is in order. Your Committee requests the Hawaii WICHE Commission to submit a report to the Legislature prior to the convening of the 1978 Legislative session on the following:

1. Establishing a formal set of guidelines for the certification of students which includes priority consideration to financial need of applicants, manpower shortage in professional fields in Hawaii, and students who intend to return to Hawaii to work. An explanation of how the shortage categories are determined should also be included;
2. Placing a limit on the number of Hawaii students in SEP by accepting new students only as replacements of those students who graduate;
3. Considering the use of the College Scholarship Service (CSS) at Berkeley which is used by college financial aids offices for financial need analysis. In testimonies presented by students, it was clearly indicated that the value of the SEP program is the preferential treatment given to WICHE SEP students for admittance to participating schools. In addition, your Committee was informed that, due to the equal educational opportunity concept of WICHE, "financial need" could not be used as a criterion for certifying SEP students. The CSS analysis would indicate the portion of the support fees a student can afford to pay, thereby lowering the amount

the State must pay and enabling more students to participate in SEP;
and

4. Considering the placement of more students in the WICHE Fellows program which provides graduate study reciprocal agreements wherein the student pays in-state tuition and the sending state does not incur any expense.

Athletics

Historically, the University athletic programs have centered around football and basketball while other sports have been programmed in a "piecemeal" fashion. It appears that there is currently a lack of commitment to non-income generating sports both in terms of funds and facilities. Your Committee is disturbed by this and feels that a well-balanced athletic program which is responsive to the varied needs of all student athletes should be provided. Funds have been provided in this bill and a separate bill for the 1977-79 biennium to support non-income generating sports for men and women at Manoa and Hilo campuses; however, your Committee feels that a master plan for the fiscal and program management of intercollegiate athletics should be formulated to insure that student needs are met and to enable the University, as well as the Legislature, to better plan for future funding requirements.

A statewide intercollegiate program for the community colleges was established in 1974 with an initial appropriation. Since then, participation in this program has been 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. To correct this inherent imbalance, additional funds are provided in a separate bill to establish a program of intercampus athletic competition between the community colleges.

Continuing Education for Women

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. Funds are provided in a separate bill 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.

Educational Improvement Fund

Major deficiencies in the University's educational programs have been mitigated through an instruction improvement fund which was implemented at the beginning of the current fiscal year. For the two-year campuses, equipment replacement and maintenance which have been deferred for the past five years and the purchase of necessary supplies were provided especially in vocational and technical education programs. For the four-year campuses, restructuring of existing courses and the improvement of instructional methods and materials were supported especially in undergraduate courses. The University administration stated during the six-month operation of the fund, it has been able to deal with pressing as well as emergency campus needs quickly and efficiently. Thus, the University administration has requested legislative recognition of an educational improvement fund to improve teaching methods and evaluation and lower division instruction and to support areas of selective excellence.

Your Committee supports the establishment of such a fund to allow the University administration the flexibility of making up shortcomings in instructional programs due to budget reductions. However, your Committee cautions the University administration that the Educational Improvement Fund and the positions assigned to it should not be used to support innovative projects and academic programs requiring a long-range budgetary commitment until the basic staffing and operational needs for all campuses are met. Further, your Committee directs the University administration to submit a

detailed report of the projects funded under the Education Improvement Fund before the convening of the Regular Session of 1978.

Student Help

Over the past few years, the University has been restricted in the hiring of personnel and, as a result, the demand for student help, especially in the clerical area, has increased tremendously. Your Committee finds that the student help program serves a dual purpose by providing student financial assistance and needed workers at costs within the University's limited funds. Therefore, the University is encouraged to use student help wherever feasible.

CULTURE AND RECREATION

Cultural and Artistic Program

Your Committee is concerned that in times of fiscal austerity, State support of culture and recreation tends to decline. Hawaii has a colorful culture and a rich, unique heritage which should be promoted and preserved. Provisions have been made for those programs that best reflect the multiethnic heritage unique to Hawaii, and those that encourage the artistic abilities of Hawaii's youth.

Oral History

Your Committee recognizes the uniqueness of Hawaii's past and the value of individual accounts in gaining deeper insight and broader perspective of our history. For many of the older people who have lived through crucial transition periods in Hawaii's history, oral communication is the only means of relaying their past experiences. These men and women hold the key to much of Hawaii's past; their part of the story of old Hawaii should not be left untold. As time is now of the essence, your Committee has provided for the continuation and expansion of oral history projects.

State Parks

The climate and natural beauty of our State provide many opportunities for outdoor recreation. The State has acquired many acres of land for the purpose of providing a wide range of outdoor recreation sites for its citizens. Your Committee recognizes that upkeep of these lands is as important as acquisition, and thus, has authorized several park caretaker positions to ensure maximum enjoyability of these parks for the people of Hawaii.

HUMAN RESOURCES

Public Assistance

The cost of public assistance has grown rapidly in recent years. This is an issue in more than the conventional sense; the rapid increase in applicants has overloaded the administrative capacity of the department of social services and housing. Case workers struggling with over 200 cases each make errors which subsequently result in the imposition of penalties by the federal government, underpayments and overpayments to recipients, garbling of statistics, and miscalculation of future caseloads. Crash recertification programs undertaken to meet federal deadlines produce confusion and upset the proper functioning of the data processing system.

In addressing these concerns, your Committee recommends and has provided for the following:

1. DSSH's applications unit staff has been expanded on a temporary basis to clear up the backlog of recertifications in all programs, catching underpayments and overpayments in the process; provided that positions allocated for this purpose should be subject to a first quarter lapse clause to assure that the legislative intent is achieved. Funding for this temporary staff is for one year only.
2. DSSH's request for an additional 19 positions for pursuit of child support

payments has been approved, provided that the positions will be transferred to recertification activities if federal action results in the termination of this Title IV-D program.

3. Additional funds have been added to each year of the department's request for the biennium to cover additional payment costs expected in SOC 203 (Payments to Assist in Child Welfare Foster Care). The department has pointed out that its estimated expenditure for FY 1976-77 for the program was understated by \$234,254.
4. Purchase of services contracts will be funded at 90 percent of contract value only. Contracting agencies shall be responsible for the local share of funding, with the exception of a special category of small contractors who may find this requirement too onerous.
5. EDPD will assume the responsibility for processing of medicaid claims, and the fiscal intermediary contract with HMSA should be terminated, provided, that the system design for the medical management information system incorporates features that allow for tracking of income and medical caseloads to provide management information.
6. Seven calculators shall be purchased and installed at major applications units to speed calculation of grants and check issuance, reduce errors, and render data processing more efficiently.

In addition, your Committee has identified additional program deficiencies and recommends the following:

1. Staffing needs have been based on caseload standards formulated in 1974 which no longer accurately reflect the situation. This is due to additional workload requirements placed on eligibility workers.

A current caseload standard should be arrived at and justified for future staffing needs assessment, and updated as required by changing circumstances affecting casework.
2. The transfer of medicaid claims management to the State and development of compatible income/medical information systems, together with the installation of calculators and minicomputers should be coordinated with the implementation of the social services information system to provide the department with a coordinated management information system.
3. The department should provide the Committees on Public Assistance and Human Services and Finance with estimates of caseload and cost for each month of the initial fiscal year of the biennium and report monthly on the correspondence between actual caseload and cost and the estimates, and the reasons for any variations. DSSH should develop staffing patterns which allow food stamp units to handle seasonal peaking of applications expeditiously.
4. The department should forego plans to concentrate main applications units at Bethel Street offices in favor of decentralized offices in high incidence areas, linked to the DSSH main office via teleprocessing units. DSSH should locate social services personnel in these decentralized offices, and coordinate with the Community Services Administration and other human services agencies to house suitable elements of their respective programs in the same locations. DSSH and the department of labor and industrial relations should jointly develop an on-line job referrals data processing system. Phase-in of this integrated public assistance, social services and employment system should be consonant with timetables established for implementation of the social services information system, caseload recertifications and data processing system changes. DSSH should immediately prepare a timetable and plan for these administrative changes and report quarterly to the Committees on Finance and Public Assistance and Human Services regarding its implementation.
5. DSSH should conduct a vigorous Food Stamp outreach program to expand participation among those eligible and to forestall litigation relating to home visit requirements.

Housing

Housing for the elderly. Cognizant of the increasing need for housing for Hawaii's senior citizens, the legislature enacted Act 224 in the 1976 legislative session to provide for a comprehensive State elderly housing program. Your Committee has provided through separate legislation for a study of elderly housing needs. Such a study is a prerequisite to the development and construction of any elderly housing project. Your Committee expects to authorize funds for construction and development in the 1978 session.

Renovation loans. Act 178, S.L.H. 1976, authorizes the Hawaii Housing Authority to make loans to homeowners of up to \$10,000 for the purpose of rehabilitating or renovating existing housing units. Such rehabilitative efforts would not only help to alleviate the growing need for housing through the preservation of existing structures, but they would help to maintain the unique lifestyles of older community. The Authority has expressed its desire to implement this program, and it is developing an implementation plan to utilize the funds appropriated. Your Committee has provided for the implementation of the program in FY 1977-78.

The Elderly

A significant portion of the State's workforce is nearing retirement. Your Committee finds that there is a need to assist in the education and training of these citizens toward using their time and resources wisely after retirement. Through a separate bill, your Committee has provided for the development and implementation of a pre-retirement education program.

Legal Services

Your Committee feels strongly that legal representatives and services should be available to the poor who cannot afford to pay the costs of retaining an attorney. Toward that end, funds for the continued operation of the Legal Aid Society have been provided.

HEALTH

Veneral Disease

The continuously increasing rate of infection and the added complication of the recently discovered strain of gonorrhoea which is resistant to penicillin have intensified the veneral disease problem. Your Committee finds that the administration's planned program level to deal with the problem is inadequate and that the problem of veneral disease should not be allowed to worsen. Under the executive budget request, the Kapahulu Veneral Disease Clinic would operate as a part-time clinic with the capacity of serving approximately 30 patients per day. However, Kapahulu's actual experience has been patient load of 60 per day, increasing to 70 per day in recent months. In order to meet these patient loads, the Kapahulu clinic needs to be operated on a full-time basis, and funds have been provided to enable it to do so.

Substance Abuse

Your Committee again affirms its support of private non-profit services for the treatment and rehabilitation of substance abusers. This support, made through separate legislation, encompasses a coordinated program of services as represented by the Oahu Drug Abuse Coalition and the Oahu Alcoholism Coalition.

Vision and Hearing Screening

It is vital to detect vision and hearing defects in children at the earliest possible time before they lead to more serious physical or emotional impairments. Children with hearing and vision defects are often unaware of their condition and even parents and teachers have difficulty detecting these deficiencies. Specialized screening services are clearly needed so that children with defects can receive early medical treatment. To meet this need, appropriations have been made in a separate bill to fund the vision and hearing screening program.

School Health Aides

The program for providing emergency care and first aid and preventive health care to students began as a pilot project in 1970 in a limited number of schools. It continues to be operated as a pilot project. Since all available information, including an audit conducted by the legislative auditor in 1975, indicate that the program has been effective in achieving program objectives and is a cost-effective approach in providing health services in the schools, the time is appropriate for the program to be stabilized on a more permanent basis and to extend the program to all public elementary schools in the State. This has been accomplished through specific legislation.

County/State Hospitals

In order to maintain and improve health care services in the County/State hospitals, there is a need to upgrade and provide staff support at facilities which are faced with special needs and requirements. Various improvements are also necessary to enable particular facilities to meet Federal medicare and medicaid standards as well as State standards. Therefore, the County/State hospital system has been authorized to expend \$611,122 in FY 1977-78 and \$636,343 in FY 1978-79 from excess hospital receipts for needed equipment and staffing. In addition, separate legislation provides for the establishment of a County/State Hospital Special Fund. The fund, to be financed through excess hospital receipts, will be utilized for such expenditures as the acquisition and replacement of equipment, renovation or modernization of facilities, and other improvements to comply with various certification requirements.

PUBLIC SAFETYCorrections & Rehabilitation

The cornerstone of the Hawaii Correctional Master Plan is that community based correctional programs are preferable to institutional treatment without detriment to the safety of the public and the community. Individualization of treatment and differentiated handling of the great variety of offenders are considered vital to a substantial reduction of crime. Your Committee has favored programs which have demonstrated an ability to further the goals of the Correctional Master Plan and supported those new programs with the greatest potential for furthering those goals.

Interim Oahu Correctional Facility. Your Committee feels that without programs, the interim physical facility for housing inmates represents a waste of the State's money. Currently, plans are underway for the construction of Modules 17, 18 and 19, which are supposed to be designed to house inmates in work-release, resocialization and furlough programs, as well as other alternate programs. Although the facilities' physical structures are planned for, and required personnel provided for, your Committee recommends continuing scrutiny over the programs to be offered, to ensure that they meet the needs of the inmates in a manner consistent with the goals of the Correctional Master Plan. Your Committee also believes that furlough programs, both for education and resocialization purposes, and work-release programs are fully justified and should be physically housed in the modules currently scheduled for construction.

Juvenile Correctional Facility. Your Committee expects marked improvements with respect to vocational and educational program activities envisioned for the Youth Correctional Facility. Though permanent funded positions may be superior where instructional services are provided on a regular basis, it is the intent of your Committee that positions for livestock herder, sewing instructor, carpentry instructor, institutional recreation therapist, and nursery grounds maintenance supervisor be provided on a fee-for-service basis. It is also the intent of your Committee that the auto mechanic instructor position be upgraded to include instruction of inmates.

Adult Honor Camp. Your Committee recommends maintaining the present inmate compensation program at the Kulani Honor Camp. Compensating inmates at the Honor Camp for work performed has been one of the most effective programs in the entire Corrections Division. Taking into account the lower rate of recidivism for ex-Honor Camp inmates, this expenditure represents a gross savings for the State. Your Committee has provided the necessary funds for this program.

Your Committee also notes that the inmate population at Kulani is projected to increase from 55 to approximately 110 during the coming biennium. At the same time, ranch lands previously used by inmates to raise hogs and cattle, and currently under University

of Hawaii management, will again be made available. In view of the projected 100% increase in Kulani's inmate population, your Committee has provided additional funds to restore the ranch lands to their former level of productivity.

Intake Service Centers. Your Committee feels that there is a pressing need to integrate and coordinate the functions and services of the Intake Service Center with those of the various Community Correctional Centers. Your Committee recommends that the Intake Service Center staff utilize the clerical staff of the Community Correctional Centers to the greatest extent possible and thus substantially reducing the need for additional clerical positions. With respect to the support staff intended for the Oahu Intake Service Center, your Committee feels that systems analysts and computer programmers responsible for basic corrections research and analysis should be included as part of the overall position count of the Oahu Intake Service Center. This will minimize the loss of trained analysts and programmers to similar civil service positions, which has hampered the development of a comprehensive correction research and statistics information system.

In-Community Facilities. Your Committee believes that alternative facilities in the community are the cornerstone of the Hawaii Correctional Master Plan. While the State is currently funding, or partially funding such alternative community facilities as Liliha House, Kamehameha and Laumaka Conditional Release Centers, the biennial budgets for these programs have been drastically reduced or eliminated in the proposed Executive Budget. Your Committee therefore has provided through separate legislation, special appropriations for Liliha House and other in-community residential projects, including those that assist offenders to make restitution. Your Committee also recommends that the Mutual Agreement Program which was previously funded in the current year's budget be funded through supplemental appropriations and that MAP be integrated into the State's program structure and be made an on-going program of the State.

TRANSPORTATION

Inter-island Ferry System. Private enterprise has not developed a ferry system during the past twenty years since there is understandable concern that the State may at any time enter the field. Such a possibility has a chilling effect on private plans, and lenders and entrepreneurs hesitate to enter a field in which they could not compete with a state-subsidized or state-owned ferry. Therefore, through separate legislation, your Committee has repealed all state statutes and laws which involve a state ferry system or a state-assisted system so as to encourage private development of a system. If after a reasonable period of time, no private ferry system has been started, then the question of State involvement may be reconsidered.

Barbers Point NAS General Aviation Airport. The problem of the dangerous mix of large commercial aircraft and smaller general aviation aircraft using Honolulu International Airport has been known for some time and has pointed to the need for a separate general aviation field. In separate legislation, Barbers Point Naval Air Station has been designated as the site for a general aviation airport. A consultant's report, which evaluated various potential general aviation sites, ranked Barbers Point first in safety and land use planning and also rated it high with respect to environmental considerations. With the designation of the site, expeditious implementation action by the department of transportation is expected by the legislature.

Bikeways. In a separate measure, your Committee has given great impetus to the development of bikeways in recognition of the importance of bicycles as a desirable mode of transportation. Bikeways are to be classified as "public highways," thus qualifying for expenditures from fuel tax revenues in the State and county highway funds. Under the measure, the development of bikeways will receive greater assurance of continuing support.

Visitor Information Program. Visitor satisfaction is essential to the continuing vitality of the tourist industry, and the visitor information program, which plays such a vital role in imparting satisfaction when visitors arrive and when they leave, deserves support. Prior administrative restrictions of funds for this program are counter-productive. Your Committee has again appropriated funds for the desired program level, and it fully expects the administration to implement the program at the appropriated level.

ENVIRONMENTAL PROTECTION

Youth Conservation Corps. Environmental protection has been a major concern of the State, and the Youth Conservation Corps has proven to be of great value in the

education and understanding of environmental problems. Your Committee has appropriated additional funds to enable the State to maximize federal funds available for the program, and it has done so in the belief that the success of the program will have a positive effect on Hawaii's environmental future.

Land Use Planning. Your Committee recognizes the need for better utilization of State lands, with due regard for both economic and environmental considerations. Clearly, proper planning is needed to guide rational use of State lands, and funds have been appropriated to achieve that planning.

OCEAN AND MARINE RESOURCES

Law of the Sea Institute. There is an increasing need for an international forum for the discussion of ocean law, especially as it applies to the distribution of the world's marine resources. From Hawaii's perspective, there is a need to focus on the Pacific basin area, and the establishment of the Law of the Sea Institute at the University of Hawaii provides this focus. Through separate legislation, funds have been appropriated to provide support for the Institute.

Marine Education Program. Hawaii's people have only limited contact with institutions and program that can foster an understanding of the ocean and its many resources. Without a steady flow of information through formal education programs, practical implementation of long range policies will not be easy. A knowledgeable and enthusiastic populace is the best insurance for the successful promotion of marine affairs in Hawaii. Therefore, funds have been appropriated in a separate bill for the purpose of supporting educational programs and experiences related to the ocean and marine resources.

Marine Science Programs

As one of the University's designated "selective excellence" areas, marine science programs should rightfully be given funding priority in order to insure its continuous development toward excellence. In light of the State's fiscal austerity over the past few years, the University's marine science programs have not been receiving sufficient financial support to proceed at its planned development rate. Your Committee believes that, during bleak financial periods such as the present, State dollars should be directed toward programs which have a direct bearing in the development of our State's economy, therefore, funds have been provided to boost marine science education programs. More specifically, your Committee has provided funds in a separate bill to permanently establish the Marine Option Program which is subject to losing its Sea Grant moneys.

CONSUMER PROTECTION

Industrial Loan Companies. Industrial loan companies occupy a significant position in the State's financial marketplace. The recent receivership of two financial institutions and the necessity of a bank acquisition of a company have undermined public confidence in the industrial loan industry. In order to rebuild confidence in industrial loan companies and to protect public investors from unnecessary losses, your Committee has provided funds for the stricter regulation to industrial loan companies by the bank examiners division of the department of regulatory agencies. In a separate measure, your Committee has also appropriated funds to insure a viable Thrift Guaranty Corporation which will provide insurance for public investors.

GOVERNMENT-WIDE SUPPORT

State Planning

Hawaii State Plan. The need to efficiently and effectively guide the growth and provide for the needs of future populations has become critical. In recognition of this, the 1975 State Legislature mandated the development of the Hawaii State Plan which is expected to be completed in 1978. Funds have been made available to complete and implement the State Plan.

Hawaii Coastal Zone Management Plan. The concept of management of Hawaii's unique and fragile resources has long been endorsed by the Legislature. Funding has been provided for the biennium to implement a management system for Hawaii's coastal areas which is in conformance with the policies of the State Plan.

State Comprehensive Outdoor Recreation Plan. SCORP further defines the recreational policies of the State Plan and presents a program for park acquisition with federal and state funds. Funding has been provided for the up-date of SCORP to conform to federal requirements.

Regional Design Plans. Your Committee recognizes the importance of designating certain geographic areas within the State for the development of regional design plans. Provision for regional design plans have been made through separate legislation, and funds are appropriated for developing and implementing design plans.

Personnel Services

Improvements to the State's personnel services program are needed. Funds are being provided to reduce the time required to establish a list of eligibles, and funds are also being provided with the objective of reducing the time required to complete classification actions. With the additional resources, there should be improvements, not only in the efficiency of providing personnel services, but also in the morale of all those who are affected by personnel actions.

Legal Services

To maintain high standards of legal services to the State, the appropriations made provide for the hiring of additional attorneys, pay increases to enable the Attorney General to retain experienced attorneys, and adequate funds for litigation expenses.

Taxation

The means of improving the administration of tax laws are being provided through additional real property appraisers and funds for computerizing the taxation programs. Your Committee believes that the investment in computerization will yield such benefits as more equitable real property assessments, faster service to the public, and greater effectiveness in the compliance, audit and delinquency enforcement programs.

RECOMMENDATION

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 892, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 892, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 741 State General Planning on H.R. No. 108

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

This review will 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 and the House Committee on State General Planning.

Your Committee finds that a thorough review of planning activities is necessary before the state can maximize available resources and improve its housing programs.

Upon further consideration, your Committee on State General Planning concurs with the intent and purpose of H.R. No. 108, H.D. 1, and recommends that it be referred to the Committee on Legislative Management.

Signed by all members of the Committee.

SCRep. 742 State General Planning on H.R. No. 161

The purpose of this resolution is to request the Speaker of the House to appoint an interim committee on the state plan in order to monitor the process and products of state plan development to ensure that legislative concerns will be met.

Your Committee finds that the completed State Plan is expected to be submitted to the Regular Session of 1978. In this regard, the State Plan is in its most critical stages and the Department of Planning and Economic Development and the State Plan Policy Council have begun efforts to complete the State Plan implementation program. Your committee feels that legislative input should be provided as soon as possible to prepare the plan for adoption in 1978.

Your Committee on State General Planning concurs with the intent and purpose of H.R. No. 161 and recommends that it be referred to the Committee on Legislative Management.

Signed by all members of the Committee.

SCRep. 743 State General Planning on H.R. No. 362

The purpose of this resolution is to request all State government departments, agencies, boards and commissions to identify their policies, rules and regulations, procedures and performances which affect in-migration to the State.

In view of the economic, social and environmental capacities of this state, a significant increase in the population will directly affect the quality of living for Hawaii residents. During the period of 1970-75, in-migration to Hawaii was responsible for over half of the State's population increase. The Department of Planning and Economic Development has further estimated a projected population increase of 33.5% for the period, 1970-1985. Therefore, your Committee believes that the direction concerning population growth necessitates a review of the in-migration generating policies of the state.

Testimonies presented before your Committee were in full support of the resolution.

Your Committee on State General Planning concurs with the intent and purpose of H.R. No. 362 and recommends that it be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 744 State General Planning on H.C.R. No. 53

The purpose of this resolution is to request all State government departments, agencies, boards and commissions to identify their policies, rules and regulations, procedures and performances which affect in-migration to the State.

In view of the economic, social and environmental capacities of this state, a significant increase in the population will directly affect the quality of living for Hawaii residents. During the period of 1970-75, in-migration to Hawaii was responsible for over half of the State's population increase. The Department of Planning and Economic Development has further estimated a projected population increase of 33.5% for the period, 1970-1985. Therefore, your Committee believes that the direction concerning population growth necessitates a review of the in-migration generating policies of the state.

Testimonies presented before your Committee were in full support of the resolution.

Your Committee on State General Planning concurs with the intent and purpose of H.C.R. No. 53 and recommends that it be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 745 Agriculture and Water, Land Use, Development and Hawaiian Homes on H.R. No. 384

The purpose of this resolution is to request the House Committees on Agriculture and Water, Land Use, Development and Hawaiian Homes to conduct a review of the classification system used by the United States Soil Conservation Service and the Department of Agriculture in identifying agriculturally important lands in the State of Hawaii.

Until recently, the soils of the State of Hawaii had been classified by two governmental agencies, the United States Department of Agriculture's Soil Conservation Service (SCS) and the University of Hawaii's former Land Study Bureau (LSB). Both classification systems are currently in use, and are not outdated.

The SCS and LSB classification systems are different from each other. From a general

viewpoint, however, both systems provide information about land that is valuable for any contemplated land use.

While the SCS and LSB systems classified land essentially upon a soils basis, "Agricultural Lands of Importance to the State of Hawaii" classifies land areas based on other data besides soil properties and characteristics with emphasis upon the agricultural use or potential use of the land.

Three classes of agriculturally important lands were established for the State of Hawaii with the intent of facilitating the SCS effort to inventory prime farmlands nationally and adapting the classification to the types of agricultural activity in Hawaii. Lands considered for classification may or may not currently be in agricultural use, or may be in an agricultural use other than that which its classification may indicate as its agricultural capability.

The resolution has been amended by including the Committee on Agriculture and the Hawaii Farm Bureau in achieving the goals of this resolution and requiring a report to be submitted to the 1978 Legislature.

Your Committees on Agriculture and Water, Land Use, Development and Hawaiian Homes concurs with the intent and purpose of H.R. No. 384, as amended herein, and recommends that it be referred to the Committee on Legislative Management in the form attached hereto as H.R. No. 384, H.D. 1.

Signed by all members of the Committees.

SCRep. 746 Agriculture and Water, Land Use, Development and Hawaiian Homes
on H.R. No. 312

The purpose of this resolution is to urge the Department of Land and Natural Resources and the Department of Agriculture to conclude as quickly as possible negotiations with Campbell Estate for the purchase of land in Kahuku, Oahu, for development as an agricultural park and submit a joint report prior to the conclusion of the 1977 Regular Session concerning the current status of the negotiations with the Campbell Estate.

Your Committees finds that since the enactment of Act 231 in 1973 establishing the agricultural park concept, agricultural park development has occurred at, at least two locations in Hawaii County. Attempts to purchase suitable land on Oahu have failed because of complications outside the control of the state. However, a strong demand still exists among farmers on Oahu for development of agricultural parks for diversified crops.

Your Committees on Agriculture and on Water, Land Use Development and Hawaiian Homes concur with the intent and purpose of H.R. No. 312 and recommend that it be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 747 Higher Education on H.R. No. 379

The purpose of this resolution is to request the Chancellor of the Community Colleges of the University of Hawaii to restore the course numbering system of the Allied Health and Legal Assistant Programs.

Your Committee has received testimony from the Chancellor of the Community Colleges of the University of Hawaii, the chairperson of the Kapiolani Community College faculty council, and Kapiolani Community College students.

Your Committee finds that the Office of the Chancellor for Community Colleges plans, effective Fall 1977, to reduce the Allied Health course numbers to below 100. These courses were originally numbered below 100 when the Allied Health Programs were initiated in 1970. However, they were numbered above 100 since 1971 for purposes of meeting accreditation standards. A similar proposal was in effect for the Legal Assistant Program course numbers, however, this problem has since been resolved whereby the present numbers will be retained. The reason given by the Chancellor for the proposed renumbering was that there is no bachelor's degree within the University of Hawaii system which provides an appropriate career ladder for students beginning their college work in an allied health program and toward which a student can count course

work taken in that program at the University of Hawaii's four year colleges. In contrast to Allied Health Programs, appropriate career ladder articulation for the Legal Assistant Program has been determined for students who wish to go into pre-law, political science, sociology, or administrative studies.

Your Committee finds that there is no contemplated change in any course content, materials, or teaching methods on the courses subject to be renumbered and that the proposed lowering of course numbers for the Allied Health Programs does not give full consideration to accreditation needs or the availability of future options for Allied Health students who may pursue allied health-related baccalaureate degrees on the mainland or at other Hawaii higher educational institutions.

Your Committee has amended the resolution by deleting any reference made to the Legal Assistant Program courses.

Your Committee on Higher Education concurs with the intent and purpose of H.R. No. 379, as amended herein, and recommends its adoption in the form attached hereto as H.R. No. 379, H.D. 1.

Signed by all members of the Committee.

SCRep. 748 Ecology and Environmental Protection on S.C.R. No. 64

The purpose of this concurrent resolution is to encourage efforts to save the whales by: welcoming to Honolulu the Greenpeace Foundation, a volunteer organization dedicated to saving the great whales; urging the United States in negotiations on the 200 mile fisheries limit to include provisions encouraging an end to commercial whale hunting; and urging the people of the State of Hawaii to support efforts to save the whales.

Your Committee finds that it is in agreement with testimony received in support of this resolution.

The "humpback whale" was designated the official marine mammal of the State of Hawaii in 1976 and the Mayor of Maui County established a whale sanctuary in that county. Your Committee has amended S.C.R. 64, S.D. 1, to reflect these facts.

Your Committee on Ecology and Environmental Protection concurs with the intent and purpose of S.C.R. No. 64, S.D. 1, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 64, S.D. 1, H.D. 1.

Signed by all members of the Committee.

SCRep. 749 Housing on H.R. No. 337

The purpose of this resolution is to urge the United States Congress to amend the U.S. Internal Revenue Code to enable voluntary and/or involuntary real property sales transactions under the Land Reform Act, Chapter 516, Hawaii Revised Statutes, without the prodigious tax impact that would now be imposed on landowners.

Your Committee finds that lessor-landowners, which includes both tax exempt institutions and profit corporations and persons, are extremely concerned that if they are required by statute to sell or transfer the fee simple title to their leasehold residential lots to any and all lessees, they may be regarded as holding all of such lots for sale in the usual course of business. They would thus be treated as dealers in the sale of real property, and profits realized upon the sale of or transfer of the fee title to lessees may be taxable as ordinary income at a rate of 48 per cent.

In view of this tremendous tax impact, your Committee feels that an amendment to the federal Internal Revenue Code to alleviate this tax burden would ameliorate problems caused by substantial lease rent increases, and would encourage the sale of residential lands now leased, thereby enhancing the opportunity of the citizens of Hawaii to own the lands upon which their homes are located.

Upon consideration of this resolution your Committee has made several amendments to clarify the need for changes in the Internal Revenue Code relating to sales of residential leasehold lands.

Your Committee on Housing concurs with the intent and purpose of H.R. No. 337, as amended herein, and recommends its adoption in the form attached hereto as H.R.

No. 337, H.D. 1.

Signed by all members of the Committee.

SCRep. 750 Housing on H.C.R. No. 45

The purpose of this concurrent resolution is to urge the United States Congress to amend the U.S. Internal Revenue Code to enable voluntary and/or involuntary real property sales transactions under the Land Reform Act, Chapter 516, Hawaii Revised Statutes, without the prodigious tax impact that would now be imposed on landowners.

Your Committee finds that lessor-landowners, which includes both tax exempt institutions and profit corporations and persons, are extremely concerned that if they are required by statute to sell of transfer the fee simple title to their leasehold residential lots to any and all lessees, they may be regarded as holding all of such lots for sale in the usual course of business. They would thus be treated as dealers in the sale of real property, and profits realized upon the sale of or transfer of the fee title to lessees may be taxable as ordinary income at a rate of 48 per cent.

In view of this tremendous tax impact, your Committee feels that an amendment to the federal Internal Revenue Code to alleviate this tax burden would ameliorate problems caused by substantial lease rent increases, and would encourage the sale of residential lands now leased, thereby enhancing the opportunity of the citizens of Hawaii to own the lands upon which their homes are located.

Upon consideration of this concurrent resolution your Committee has made several amendments to clarify the need for changes in the Internal Revenue Code relating to sales of residential leasehold lands.

Your Committee on Housing concurs with the intent and purpose of H.C.R. No. 45, as amended herein, and recommends its adoption in the form attached hereto as H.C.R. No. 45, H.D. 1.

Signed by all members of the Committee.

SCRep. 751 State General Planning on H.R. No. 268

The purpose of this resolution is to request the City and County of Honolulu to delineate the ways in which the Department of General Planning will involve interested members of the public in the formulation of new development plans and to allocate a portion of the department's funds and staff resources to work directly with citizens in creating these plans.

Testimonies received from Neighborhood Board No. 2 (Kuliouou-Kalani Iki), the McCully-Moilili Neighborhood Board, and the Three M Community Council were all in support of H.R. No. 268.

Your Committee finds that members of the general citizenry are willing and able to constructively participate in the creation of new development plans for the City and County of Honolulu. To ensure effective community input, it is hereby requested that the role of citizens in creating new development plans be defined and detailed by the City and County of Honolulu and that a portion of the staff resources and the funds budgeted for the Department of General Planning be used to involve citizens in formulating these development plans.

Upon further consideration, your Committee has made the following amendments to H.R. No. 268:

- (1) References to "neighborhood boards and citizen organizations" have been deleted from the last two "WHEREAS" clauses of page one and from the four "BE IT RESOLVED" clauses on page two; and
- (2) The City Council is requested in the third "BE IT RESOLVED" clause to allocate a portion of the funds budgeted for the Department of General Planning for the express purpose of "citizen participation in" creating new development plans.

Your Committee on State General Planning concurs with the intent and purpose of

H.R. No. 268, as amended herein, and recommends its adoption in the form attached hereto as H.R. No. 268, H.D. 1.

Signed by all members of the Committee.

SCRep. 752 State General Planning on H.C.R. No. 27

The purpose of this resolution is to request the City and County of Honolulu to delineate the ways in which the Department of General Planning will involve interested members of the public in the formulation of new development plans and to allocate a portion of the department's funds and staff resources to work directly with citizens in creating these plans.

Testimonies received from Neighborhood Board No. 2 (Kuliouou-Kalani Iki), the McCully-Moiliili Neighborhood Board, and the Three M Community Council were all in support of H.C.R. No. 27.

Your Committee finds that members of the general citizenry are willing and able to constructively participate in the creation of new development plans for the City and County of Honolulu. To ensure effective community input, it is hereby requested that the role of citizens in creating new development plans be defined and detailed by the City and County of Honolulu and that a portion of the staff resources and the funds budgeted for the Department of General Planning be used to involve citizens in formulating these development plans.

Upon further consideration, your Committee has made the following amendments to H.C.R. No. 27:

- (1) References to "neighborhood boards and citizen organizations" have been deleted from the last two "WHEREAS" clauses of page one and from the four "BE IT RESOLVED" clauses on page two; and
- (2) The City Council is requested in the third "BE IT RESOLVED" clause to allocate a portion of the funds budgeted for the Department of General Planning for the express purpose of "citizen participation in" creating new development plans.

Your Committee on State General Planning concurs with the intent and purpose of H.C.R. No. 27, as amended herein, and recommends its adoption in the form attached hereto as H.C.R. 27, H.D. 1.

Signed by all members of the Committee.

SCRep. 753 State General Planning on H.C.R. No. 72

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 approximately 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 has made technical amendments to the resolution for clarity and style.

Your Committee on State General Planning concurs with the intent and purpose of H.C.R. No. 72, as amended herein, and recommends its adoption in the form attached hereto as H.C.R. No. 72, H.D. 1.

Signed by all members of the Committee.

SCRep. 754 Youth and Elderly Affairs on H.R. No. 103

The purpose of this resolution is to have the Committee on Youth and Elderly Affairs review the state policy on senior centers that was developed in 1976 by the Commission on Aging.

The importance of senior centers to the elderly and their quality of life is recognized by your Committee. Your Committee believes that a thorough review of the state policy on senior centers as developed by the Commission on Aging is necessary to ensure that legislatively established guidelines have been followed in the development of that policy.

Your Committee has amended the resolution by deleting paragraph four on page 1 because it is a repetition of paragraph 1 on page 1.

Your Committee on Youth and Elderly Affairs concurs with the intent and purpose of H.R. 103, as amended herein, and recommends its adoption in the form attached hereto as H.R. 103, H.D. 1.

Signed by all members of the Committee.

SCRep. 755 Youth and Elderly Affairs on H.R. No. 213

The purpose of this resolution is to request the Department of Social Services and Housing incorporate into its operational guidelines for the implementation of child protective functions the concept of "psychological abuse and neglect."

Your Committee finds that sufficient protection must be provided for Hawaii's children against abuse and that the proposed clarification of "psychological abuse and neglect" is needed to implement Hawaii's child abuse and neglect laws.

Your Committee on Youth and Elderly Affairs concurs with the intent and purpose of H.R. No. 213 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 756 Legislative Management

Informing the House that House Resolution Nos. 519, and 520 to 525, House Concurrent Resolution No. 98, and Standing Committee Report Nos. 741 to 755, have been printed and distributed.

Signed by all members of the Committee.

SCRep. 757 Legislative Management

Informing the House that House Resolution Nos. 526 to 532, House Concurrent Resolution Nos. 99 and 100, and Standing Committee Report Nos. 758 to 762, have been printed and distributed.

Signed by all members of the Committee.

SCRep. 758 Ocean and Marine Resources (H.R. No. 129)

Your Committee on Ocean and Marine Resources, pursuant to House Resolution No. 129, adopted by the Regular Session of 1977 and directed to "review the administration and coordination of the marine resources programs with special emphasis on the planning

and coordination of programs and to report its findings and recommendations to the House at least twenty days prior to the adjournment of the 1977 Regular Session", begs leave to report as follows:

Based on a number of interviews with prominent members of the marine community in Hawaii, as well as a public hearing and an informal, round-table discussion with the Committee and interested citizens, your Committee has reached the following conclusions:

1. Act 137-70 has not been satisfactorily implemented, although much has been done to promote marine affairs in Hawaii.
2. Part of our failures can be attributed to the lack of power in the office of Marine Affairs Coordinator (MAC) to cross departmental lines, which, theoretically, it is supposed to do. Its mandate is to coordinate, but to do that requires control of the funding for marine projects, or at least a major role in substantive departmental policy decisions that determine the allocation of funds. The University of Hawaii has been a major stumbling block to vigorous pursuit of marine affairs, especially because so many marine programs are still in the research stage and, naturally, attached to the University. The mission of the University--education, and the mission of the MAC, are different. When budget cuts come, it is often the marine programs that fail to receive the necessary funds. Examples include a number of projects involving Sea Grant, the salary for the director of the Marine Options Program, the Aquarium, etc.
3. In the past, MAC has concentrated on a piece-meal, project by project approach, satisfied with the introduction of new technology and attempting to fill in the pukas, a trouble-shooting funding office to salvage programs whose funds were appropriated but never released. Even this function was limited due to the meager financial resources available to MAC. A major deficiency has been the lack of PLANNING. MAC did not really go out and look for Hawaii's needs, but rather responded to what was brought to its attention. The uncertainty of newer projects was used as a justification to avoid contingency planning. The approach that was lacking was: if research indicates this, we will do that, etc.

Now at a time when planning is a key activity both at the State and County levels, it is time that marine affairs enter a planning phase of its own. The scarcity of financial and natural resources demands that we plan to avoid needless waste, and to take advantage of timely opportunities.

4. MAC has not had the necessary staff to carry out its mandate in Act 137-70. There has never been a full-time Marine Affairs Coordinator. The staff has been overburdened. MAC has not been able to pull all the myriad elements of marine affairs together and to communicate the big picture. Until this year, the Legislature had never required MAC to present a comprehensive view of marine affairs for its deliberations, and consequently MAC did not feel it necessary to do so. For the first time, the Legislature is receiving information on all aspects of marine affairs. Part of the reason has been the appointment of Mr. Kono of DPED as Interim MAC, who has been able to use his own staff for this effort. Certainly a major element of a more effective MAC will be an increased number of full-time staff positions in the MAC office.

There is a major need for a clear accounting of all funds expended. It is often impossible to sort out the discrepancies between the budgets of MAC, Sea Grant, the University of Hawaii, principal investigators, and the various departments. In order to restore accuracy, reliability and accountability to the fiscal decision-making process, the Legislature requires a more thorough review of expenditures. In order for MAC to do this, and to perform all other duties, an additional full-time staff position is needed. An accountant or fiscal officer should be primarily responsible for keeping complete records of all MAC projects, programs, etc, gathering and reporting budgetary information on all projects and programs in marine-related areas, even if MAC does not directly fund them, and especially for recording such information in a format that is easily understandable and facilitates legislative review. Special attention should be given to reconciling the numerous discrepancies between PPBS and other recording systems.

5. MAC is not a line-agency. It cannot implement programs itself. In order to effectively plan and coordinate, however, it is essential that MAC remain outside the jurisdiction of any single department. It must retain the ability to move freely coordinating, educating, promoting, and most important, planning. MAC must be the lead agency for staff support and planning of all marine related programs in Hawaii. Marine programs must be prioritized on their own standards. When budget cuts come, marine programs should be reduced according to a Marine Plan, not according to the distant needs of a department with

a totally different mission. Since the scope of marine affairs is broad, including education, conservation, economic development, and general promotion, and since no department that currently exists has a comprehensive understanding or orientation towards our marine resources, it is likely that MAC can be most effective as it is, outside other departments, attached to the governor's office.

6. One reason why MAC has not been encouraged to pull everything together has been that Legislative review via the committee system has not, until this year, dealt with marine affairs as an entity in itself. The preference for receiving budget information on a project by project basis has obscured the overall view even further. The PPBS approach presents the Legislature with large blocs of figures in categories too broad to be meaningful, frustrating the analysis of programs that cut across PPBS lines.

This year, the creation of the Ocean and Marine Resources Committee, with primary responsibility for marine affairs, has forced MAC to focus on planning and coordinating. The change in Legislative review is already having an impact on MAC's perception of its powers and duties. But there is still much to be done on the legislative side. Whereas the Ocean and Marine Resources Committee reviews the MAC budget and consequently must evaluate the total marine effort in the state, Legislative budgetary review of most marine projects is still handled by other committees which do not have the benefit of dealing with marine affairs on a day to day basis.

Some examples of programs not reviewed by this Committee are:

LNR 153, which includes aquaculture, precious coral, training of prospective aquaculturalists, and commercial fishery production;

LNR 805, Ocean-based activities, including diving, marine studies, artificial reefs, the Northwestern Resource Studies, saltwater fishing, and the Statewide Marine Resource Management Plan;

UOH 102, which includes LOOK Lab, the Hawaii Institute of Marine Biology, and various marine-related research efforts;

UOH 881, which covers the aquaria;

and many others.

The result is a fragmented approach to Legislative review which is reflected by a corresponding fragmentation in the MAC office. If ultimate responsibility for marine policies is to reside in the Legislature, it is the Legislature that must insure its review process is logical and effective.

7. Finally, marine affairs has not progressed as quickly as it could because the State has not committed its resources to marine programs. The budget for the marine affairs coordinator has been a pathetic half million dollars a year. There are countless examples that indicate the relative low priority marine programs have in Hawaii. As an ocean state, this is hard to justify. We should be more consistent with policies articulated by the Governor in his State of the State Address. If the development of aquaculture, for example, is indeed a priority for our economy, then why are not sufficient funds available in the budget? The director of the Marine Option Program at the University, the only interdisciplinary undergraduate program in the United States that deals with marine affairs, is in danger of being eliminated, which will end the Marine Options Program in Hawaii. Our Aquarium is so small and poorly financed that there is a reluctance to raise the admission fee above 25¢ for fear people will not feel it is worth the price. There is little or no action taken to preserve the ocean resources essential for our environment and economy. Pollution continues to destroy our reefs and bays, and a potentially profitable oyster industry cannot market its product because of poor water quality and disease.

Until the State takes the responsibility to provide leadership in allocating our resources for marine related programs, there will be little to administer, coordinate, or promote.

Your committee recognizes that these problems go beyond the internal difficulties of a single office. The ultimate answers can be found only in policies that reflect the importance of marine affairs in every aspect of Hawaii's society.

Signed by all members of the Committee.

SCRep. 759 Housing on H.R. No. 490

The purpose of this resolution is to request the Hawaii Housing Authority to solicit the participation of the residents of the Kalakaua Homes in formulating the plans for the redevelopment and rehabilitation of these homes.

The Kalakaua Homes, a Hawaii Housing Authority sponsored project, was originally designed and constructed in 1940 and 1941, and was initially occupied in 1942. The Kalakaua structures are constructed entirely of wood which requires constant maintenance and is subject to attacks by termites. Materials and equipment used in the construction, in comparison with today's standards, are technologically inferior and often do not stand up to present day family-style living patterns and usage.

The Authority is inclined to replace these 35 year old structures with more substantial dwelling units rather than "to restore them to useful life". Redevelopment, the Authority feels, would be more desirable than the continuous maintenance and repair of the project and the periodic extraordinary maintenance of the dwelling units and structures. This is exemplified by the recent fire on January 3, 1977 which destroyed two units because of defective wiring.

The Authority has no objections to this resolution; in fact, resident participation in the planning of future use of the site and participation in design of any proposed dwelling unit is being encouraged by the Authority.

The Kalakaua Housing Tenants Association, too, has expressed its willingness to participate with the Authority in the planning process. The tenants have already formed a Planning Committee and have gathered and formulated ideas for the redevelopment of their homes.

Your Committee on Housing concurs with the intent and purpose of H.R. No. 490 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 760 Housing and Agriculture on H.R. No. 477

The purpose of this resolution is to request the establishment of a Farmers Home Administration office in Hawaii.

The Farmers Home Administration (FmHA), which has the responsibility under the Housing Act of 1949 to provide "safe, decent and sanitary" housing for rural residents, offers financial assistance to farmers and residents of rural areas for single family dwellings, for rural rental housing, for the construction of farm labor housing, for the acquisition and development of rural housing sites, for housing repairs, for water and waste disposal in rural communities, as well as financial support and technical assistance for rural self-help housing.

In Hawaii, all of the neighbor islands, with the exception of the developed urban area in Hilo, are eligible for FmHA financing. On Oahu, the windward side, with the exception of Kailua and Kaneohe, is eligible as is Central Oahu, with the exception of Wahiawa and Mililani Town. Leeward Oahu, with the exception of the developed urban area from Aiea to Waipahu, is also eligible.

FmHA's importance to our State Housing programs is demonstrated by the following. In fiscal year 1972, 283 FmHA home loans valued at \$6.2 million were made to Hawaii residents. This amount has expanded significantly over the years, and in our last fiscal year ending September 30, 1976 (15 months), the direct lending total in Hawaii home loans was \$31,760,670 (922 loans). Based on present allocations, there will be available for Hawaii during the fiscal year (12 months) approximately \$25,000,000 for home loans.

Without FmHA home financing, housing for the lower income families on the neighbor islands and the rural areas of Oahu, and much of the Department of Hawaiian Home Lands housing program would be without funds. Importantly, the FmHA home loans programs include substantial interest rate subsidies to as low as one per cent for home purchase and also for rental projects.

In addition to the home loans program, the FmHA makes direct loans and grants for community facilities, originates or participates in loans to business and industry, and

makes direct loans for farmer programs.

For the past several years, FmHA money allocations for Hawaii and the administration of FmHA programs for Hawaii have been under the jurisdiction of the California State Office located at Woodland.

Your Committees find that the present administration of the California office has been favorably disposed toward Hawaii and the allocation of FmHA funding to Hawaii has been generous. However, sharply increasing demands from within California may, in the near future, upset this policy.

The presence of an FmHA State Office could significantly shorten the time for decision-making for projects and home loan programs and reduce costs thereby. With no direct communication to Washington, which is often necessary to explain Hawaii's unique characteristics, projects and loan approvals are frequently long delayed and much can be "lost in California translation". It is also noted that there is strong indication that the California State Office will support the effort to establish a separate Hawaii State Office.

Your Committees have amended the resolution to correct a typographical error.

Your Committees on Housing and Agriculture concur with the intent and purpose of H.R. No. 477, as amended herein, and recommend its adoption in the form attached hereto as H.R. No. 477, H.D. 1.

Signed by all members of the Committees.

SCRep. 761 Housing and Agriculture on H.C.R. No. 85

The purpose of this concurrent resolution is to request the establishment of a Farmers Home Administration office in Hawaii.

The Farmers Home Administration (FmHA), which has the responsibility under the Housing Act of 1949 to provide "safe, decent and sanitary" housing for rural residents, offers financial assistance to farmers and residents of rural areas for single family dwellings, for rural rental housing, for the construction of farm labor housing, for the acquisition and development of rural housing sites, for housing repairs, for water and waste disposal in rural communities, as well as financial support and technical assistance for rural self-help housing.

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In addition to the home loans program, the FmHA makes direct loans and grants for community facilities, originates or participates in loans to business and industry, and makes direct loans for farmer programs.

For the past several years, FmHA money allocations for Hawaii and the administration of FmHA programs for Hawaii have been under the jurisdiction of the California State Office located at Woodland.

Your Committees find that the present administration of the California office has been

favorably disposed toward Hawaii and the allocation of FmHA funding to Hawaii has been generous. However, sharply increasing demands from within California may, in the near future, upset this policy.

The presence of an FmHA State Office could significantly shorten the time for decision-making for projects and home loan programs and reduce costs thereby. With no direct communication to Washington, which is often necessary to explain Hawaii's unique characteristics, projects and loan approvals are frequently long delayed and much can be "lost in California translation". It is also noted that there is strong indication that the California State Office will support the effort to establish a separate Hawaii State Office.

Your Committees have amended the resolution to correct a typographical error.

Your Committees on Housing and Agriculture concur with the intent and purpose of H.C.R. No. 85, as amended herein, and recommend its adoption in the form attached hereto as H.C.R. No. 85, H.D. 1.

Signed by all members of the Committees.

SCRep. 762 Water, Land Use, Development and Hawaiian Homes on H.R. No. 451

The purpose of this resolution is to request the Board of Land and Natural Resources to survey the water needs of Milolii-Honomalino, and begin planning the development of a system to provide potable and irrigation water service to the area.

And, in the water system planning, the Board consult with, and involve in its planning, residents, landowners, and land occupiers of Milolii and Honomalino, and the County of Hawaii Water Commission and Department of Water Supply.

The Milolii-Honomalino area has thus far been developed without an effective, large capacity water system to serve human and commercial activity. Presently, the nearest public water system is over ten miles away at Hookena. The most economical means of providing water presently is by rain catchment. In time of drought though, one would be expected to haul the water from either Hookena or Hoonau.

Your Committee feels that water system expansion and improvement is necessary to both serve the present population, and to permit further development of agriculture, in view of the relatively dry character of both communities.

Water system improvement is essential to improve the living standards and economic future of the residents of Milolii and Honomalino.

The resolution has been amended to include the Board of Agriculture in the survey and planning.

Your Committee on Water, Land Use, Development and Hawaiian Homes concurs with the intent and purpose of H.R. No. 451, as amended herein, and recommends that it be referred to the Committee on Finance in the form attached hereto as H.R. No. 451, H.D. 1.

Signed by all members of the Committee.

SCRep. 763 Water, Land Use, Development and Hawaiian Homes on H.R. No. 166

The purpose of this resolution is to request the General Services Administration of the United States Government to donate the building and return the land to the State of Hawaii.

The present occupants of the old Federal building will be moving to new facilities in April of this year with only the United States Post Office remaining in the building. Under PL 92-363, 1972, the General Services Administration is authorized to restore to the state, without monetary consideration, surplus buildings of national or historical significance.

The building has been placed on the State and National Registers of Historic Sites.

Your Committee on Water, Land Use, Development and Hawaiian Homes concurs with

the intent and purpose of H.R. No. 166 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 764 Water, Land Use, Development and Hawaiian Homes on H.R. No. 257

The purpose of this Resolution is to request that the department of planning and economic development and the department of land and natural resources to work promptly and cooperatively to obtain available Federal funds for this project if possible, under the Land and Water Conservation Fund Act of 1965, or other sources.

Your Committee feels a recreational facility can achieve greater public use and value if it links different but complementary features appealing to distinctive groups of potential visitors. Also, the department's approval would enable the citizens of Hawaii to obtain greater enjoyment of Lapakahi State Historical Park and of the Kohala mountain area and provide employment and economic activity to the hardpressed community of Kohala.

Your Committee on Water, Land Use, Development and Hawaiian Homes concurs with the intent and purpose of H.R. No. 257 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 765 Water, Land Use, Development and Hawaiian Homes on H.R. No. 278

The purpose of this resolution is to request the department of land and natural resources to examine its public land inventory, and transmit a listing of all unimproved lands, with each identified as to the public use or uses to which they have been committed, and with the remaining lands, which are unimproved, uncommitted to other use, otherwise suitable for use as Hawaiian Home Lands, so identified.

The Hawaiian Homes Commission Act, as passed by the U.S. Congress in 1920, specified that available lands not immediately needed as Hawaiian home lands could be managed as public lands by the appropriate State agency, but only under such conditions as would enable such lands to be reclaimed by the Department of Hawaiian Home Lands when needed for the purposes of the Act.

Substantial amounts of Hawaiian home lands, not now leased for the purposes of the Act, have been deemed needed for other public purposes, and are in the process of being exchanged with other lands. However, exchanges have been delayed, inasmuch as lands to be given to the Department of Hawaiian Home Lands have not been identified and determined to be suitable.

Your Committee feels if Hawaiian home lands are necessary for other public uses, a fair and equitable exchange must be arranged, with the lands received in return appropriate to the Hawaiian home lands program.

The resolution has been amended by requesting the report to be submitted 20 days prior to the convening of the 1978 Regular Session.

Your Committee on Water, Land Use, Development and Hawaiian Homes concurs with the intent and purpose of H.R. No. 278, as amended herein, and recommends its adoption in the form attached hereto as H.R. No. 278, H.D. 1.

Signed by all members of the Committee.

SCRep. 766 Ecology and Environmental Protection and Water, Land Use, Development and Hawaiian Homes on H.R. No. 372

The purpose of this resolution is to request the Environmental Protection and Health Services Division of the Department of Health to submit a progress report on the "208" planning effort in relation to the State's goals and policies.

The report is to include any concerns or constraints that have emerged in the preparation of the plans. Also, requests for legislative assistance in plan development or implementation is to be included.

Mandated under Section 208 of the Federal Water Pollution Control Amendments of

1972, the goal of the planning program is the development and implementation of a regulatory process to achieve clean water and the effective disposal or recycling of all waste water.

The planning effort is directed toward total environmental management, with such specific factors to include: water quality standards to determine the locally desired uses of waters; priority determination of service areas for municipal facilities; determination of waste load allocations for all sources of pollution; land use considerations such as routing, sizing and timing of major sewer interceptors as they relate to treatment facilities in the area; and a non-point source program regulating construction activity and controlling runoff from solid waste disposal sites in urban and rural areas.

Your Committees have amended the resolution by requesting the report to be submitted 20 days prior to the convening of the 1978 Regular Session.

Your Committees on Ecology and Environmental Protection and Water, Land Use, Development and Hawaiian Homes concur with the intent and purpose of H.R. No. 372, as amended herein, and recommend its adoption in the form attached hereto as H.R. No. 372, H.D. 1.

Signed by all members of the Committees.

SCRep. 767 Legislative Management

Informing the House that House Resolution Nos. 536 to 542, House Concurrent Resolution Nos. 101 to 103, and Standing Committee Report Nos. 763 to 766 and 768 to 778, have been printed and distributed.

Signed by all members of the Committee.

SCRep. 768 Higher Education on H.R. No. 405 (Majority)

The purpose of this resolution is to request the University of Hawaii to conduct a feasibility study on the concept of job sharing to include a review of existing positions which could be shared on a voluntary basis; future positions which could be made available for job sharing; the extent of employee benefits for employees who share positions; how much service time could be credited for employees who share positions; near retirement personnel who may be interested in job sharing; and all other factors which should be considered in implementing the job sharing concept.

Your Committee finds that it is worthwhile pursuing the job sharing concept because of its potential benefits to employers as well as employees, its applicability to a variety of workers, and its implementability in the university setting. The concept of job sharing, whereby a position would be split 50-50 and allow for the employment of two persons is considered to be a viable trend in private and public employment. The range of potential job seekers it could accommodate includes working mothers with young children, people near retirement age, workers with health problems, and unemployed persons. Your Committee believes that job sharing at the University of Hawaii is especially viable because the educational milieu lends itself to the job sharing concept. Therefore, your Committee believes it would be advantageous to conduct a study on job sharing to determine the feasibility on the University of Hawaii campuses.

Your Committee on Higher Education concurs with the intent and purpose of H.R. 405 and recommends that it be referred to the Committee on Finance.

Signed by all members of the Committee.
(Representatives Abercrombie and Carroll did not concur.)

SCRep. 769 Youth and Elderly Affairs on H.R. No. 350

The purpose of this resolution is to request the Legislative Reference Bureau to conduct a study on the feasibility of establishing standards for the licensing and regulation of retirement facilities offering lifetime lease arrangements.

Your Committee finds that elderly people, physically unable to maintain their own homes and often on fixed incomes, are increasingly choosing to reside in retirement facilities with lifetime leases. Presently, no minimum standards insure the health, safety and economic stability of these facilities. Your Committee finds a need to survey

retirement facilities both in Hawaii and on the mainland to ascertain what standards might be proper. An audit of existing facilities in Hawaii without reference to the longer history of such facilities on the mainland would be narrow and ignore broad experience elsewhere from which Hawaii could learn.

Your Committee has amended H.R. No. 350 accordingly to reflect this broader inquiry.

Your Committee on Youth and Elderly Affairs concurs with the intent and purpose of H.R. No. 350, as amended herein, and recommends that it be referred to the Committee on Finance, in the form attached hereto as H.R. No. 350, H.D. 1.

Signed by all members of the Committee.

SCRep. 770 Health on H.R. No. 335

Your Committee finds that North Kohala, Hawaii, is an isolated area which has a population of 3,500 residents and is served by one physician.

Federal guidelines for physicians in rural areas provides for one physician for every 1,500 people and recommends that 20 miles is an excessive distance to travel for medical services.

Your Committee acknowledges the importance in providing adequate health care to areas of relative isolation.

Your Committee on Health concurs with the intent and purpose of H.R. No. 335 and recommends that it be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 771 Health on H.C.R. No. 46

Your Committee finds that North Kohala, Hawaii, is an isolated area which has a population of 3,500 residents and is served by one physician.

Federal guidelines for physicians in rural areas provides for one physician for every 1,500 people and recommends that 20 miles is an excessive distance to travel for medical services.

Your Committee acknowledges the importance in providing adequate health care to areas of relative isolation.

Your Committee on Health concurs with the intent and purpose of H.C.R. No. 46 and recommends that it be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 772 Health on H.R. No. 311

Honokaa Hospital serves an area of the State lacking in other hospital services.

Presently Honokaa Hospital is classified as "nonconforming but certified," and deficiencies of the hospital have resulted in the necessity of referring geriatric patients to Hilo Hospital.

Recognizing this, your Committee feels that there is a need to look into the upgrading of hospital facilities.

Your Committee has amended the Resolution to read:

"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 shall commence the improvement of Honokaa Hospital, consistent with appropriations made therefor, on an incremental basis; and"

Your Committee on Health concurs with the intent and purpose of H.R. No. 311, as amended herein, and recommends that it be referred to the Committee on Finance in

the form attached hereto as H.R. No. 311, H.D. 1.

Signed by all members of the Committee.

SCRep. 773 Health on H.R. No. 450

The purpose of this Resolution is to provide programs designed to equip existing nursing staff personnel of the Department of Health with skills necessary to address the health needs of the residents of the State, particularly nursing personnel in State/County hospitals serving areas inadequately served by the private sector, through staff development, and other appropriate programs.

Your Committee finds that proficiency of practice through continuing education for nurses has been a concern of this State; however, due to staffing or fund limitations, these personnel were sometimes unable to participate in training activities, which were usually conducted on Oahu. This has had a very detrimental effect on the neighbor islands, especially the rural isolated areas.

Your Committee on Health concurs with the intent and purpose of H.R. No. 450 and recommends that it be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 774 Consumer Protection and Commerce on H.R. No. 165

The purpose of this resolution, as amended, is to request the Public Utilities Commission to report on alternative rate designs and structures by promptly proceeding with their generic case, Docket No. 2793, Order of Investigation of Rate Schedule of Electric and Gas Utilities in the State of Hawaii.

The increasing cost of public utilities services and the scarcity of the national resources on which these services depend has led to concern about the existing method of rate making. Presently, declining block pricing maximizes revenues to the utility but does not provide equitable rates for consumers, nor any incentive to conserve energy.

Your Committee has amended this resolution to focus on Public Utilities Commission Docket No. 2793, which calls for the investigation of such rate structure alternatives as flat rates, marginal cost pricing, time of use, peak load pricing and other rate designs. The title of this resolution is also amended to reflect this change in focus. Such amendment reads as follows:

"HOUSE RESOLUTION REQUESTING THAT THE PUBLIC UTILITIES COMMISSION REPORT ON ALTERNATIVE RATE DESIGNS AND STRUCTURES".

Your Committee on Consumer Protection and Commerce concurs with the intent and purpose of H.R. No. 165, as amended herein, and recommends its adoption in the form attached hereto as H.R. No. 165, H.D. 1.

Signed by all members of the Committee.

SCRep. 775 Higher Education on H.R. No. 62

The purpose of this resolution is to express continued legislative interest in, commitment to, and strong support of undergraduate education programs within the University of Hawaii system.

Your Committee is most cognizant of the contributions higher education has made towards the development and personal growth of Hawaii's people and that the development of nine campuses throughout the State has made higher education opportunities more accessible to residents who seek such endeavors. Since undergraduate students will invariably constitute the major sector of the enrolled student population within the University of Hawaii system, your Committee feels it is essential that we renew our commitment toward the continued maintenance of undergraduate programs at a reputable level.

Testimony presented before your Committee by the University of Hawaii, although supportive of the intent of this resolution, nevertheless, expressed concern that such

commitments should not hinder nor diminish on-going graduate programs. Your Committee is of the consensus that undergraduate education should be enriched by a close association between graduate and undergraduate students and faculty and has amended paragraph three of this resolution accordingly.

Your Committee on Higher Education concurs with the intent and purpose of H.R. No. 62, as amended herein, and recommends its adoption in the form attached hereto as H.R. No. 62, H.D. 1.

Signed by all members of the Committee.

SCRep. 776 Higher Education on H.R. No. 61

The purpose of this resolution is to review educational options available in higher education for the residents of the State of Hawaii.

Your Committee finds that the maximization of higher education opportunities for the people of the State requires consideration of various possible higher education options to explore their potential in adequately meeting the higher education needs of the people of the State of Hawaii. Among such options are the execution of agreements with post-secondary educational institutions of other states which would allow mutual enrollment of students without requiring the tuition differential normally applicable in the absence of such agreements. The Board of Regents is presently empowered to execute such agreements by virtue of section 304-4, Hawaii Revised Statutes. Your Committee has amended the resolution to seek the increase of such reciprocal agreements.

Your Committee finds, further, that attention should be paid to occupational areas in which there is occupational demand, but for which there is a shortage of qualified persons in the State of Hawaii. Such a thrust would ensure appropriate education for the residents of the State while ensuring the adequacy of numbers of persons in the various occupational fields. Accordingly, your Committee has amended the resolution to request the University of Hawaii and the Post-Secondary Education Commission to review and consider other educational options particularly in fields where there is a shortage of adequately qualified individuals.

Your Committee on Higher Education concurs with the intent and purpose of H.R. No. 61, as amended herein, and recommends its adoption in the form attached hereto as H.R. No. 61, H.D. 1.

Signed by all members of the Committee.

SCRep. 777 Health on H.R. No. 520

Your Committee finds that unforeseeable events and misfortunes in life can affect the best laid plans to take care of oneself financially.

Furthermore, people whose incomes and resources do not allow them to qualify for public assistance programs has resulted in overwhelming financial depletion of affected households.

For these reasons, there is a need to study the cost components in extended term care for persons whose incomes and resources do not allow them to qualify for public assistance programs.

Your Committee has amended the Resolution to read:

"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 and the Department of Social Services and Housing in cooperation with the insurance industry conduct a study of the cost components in extended term care for persons eligible in this gap group, the size of the gap group, their influence and possible impact on Medicaid, and recommend alternate solutions; and"

Your Committee on Health concurs with the intent and purpose of H.R. No. 520, as amended herein, and recommends its adoption in the form attached hereto as H.R. No. 520, H.D. 1.

Signed by all members of the Committee.

SCRep. 778 Health on H.R. No. 503

Your Committee finds that the establishment of Community Based Services for the Mentally Retarded was intended to provide mentally retarded services in the State so that people in need of such services have reasonable access to mentally retarded health services.

The Community Based Services were designed to maximize individual development and self-sufficiency among the mentally retarded.

Your Committee on Health concurs with the intent and purpose of H.R. No. 503, as amended herein, and recommends its adoption in the form attached hereto as H.R. No. 503, H.D. 1.

Signed by all members of the Committee.

SCRep. 779 Legislative Management

Informing the House that House Resolution Nos. 543 to 554, House Concurrent Resolution No. 104, and Standing Committee Report Nos. 780 to 787, have been printed and distributed.

Signed by all members of the Committee.

SCRep. 780 Energy and Transportation on H.R. No. 427

The purpose of this resolution is to request the State Department of Accounting and General Services to initiate a study of the costs and benefits of installing solar energy systems in existing state buildings and facilities, with such study to include an assessment of the long-range benefit of such capital improvements in reducing the cost of power to run these public buildings and facilities.

Your Committee finds that the alternative of solar energy shows great promise in the areas of economy of funds and conservation of fossil fuels.

According to testimony presented by the State Department of Planning and Economic Development, solar water heating systems have been installed in two schools on the Island of Hawaii, and plans have been made to install such systems in four Oahu schools. The University of Hawaii is also planning to install a solar water heating system in phase 1 of its physical education, intramural and athletic facilities.

The Department of Accounting and General Services testified before your Committee that it has already initiated studies on installation of solar devices in new buildings to reduce energy costs in connection with water heating systems, and will have several installations under construction within the next year. The department indicated that it is willing to proceed with the same type of studies in the replacement of existing water heating systems, as called for by this resolution, and that the passage of H.R. No. 427 would fortify the department's efforts in this direction.

Your Committee on Energy and Transportation concurs with the intent and purpose of H.R. No. 427 and recommends that it be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Mina.

SCRep. 781 Employment Opportunities and Labor Relations on H.R. No. 236

The purpose of this resolution is to request Congress to enact legislation to promote employment in the private sector through tax incentives.

Your Committee finds that the present work incentive tax credits enacted in 1971, currently affects only a small segment of the labor force and is targeted for certain public assistance recipients. It recognizes that the tax credit program provides for on-the-job training or placement of public assistance recipients. It was estimated that if the recipient is employed for two full years under this Work Incentive Program, the credit would amount to \$1,000 while public assistance payments in most states would amount to more than five times that amount, thus resulting in actual savings of tax

dollars under the program. Due to the present high unemployment rate and the resultant diminution of the unemployment tax reserves, it is recommended that the work incentive tax credit should be expanded to allow credit for persons previously drawing unemployment. In addition, some other tax incentives should be enacted to further promote employment in the private sector.

Your Committee adopted the recommendation of the members by amending the whereas portion of the resolution by adding two additional paragraphs as follows:

"WHEREAS, there are also federal funds available to assist in coping with high unemployment through the training and/or retraining of workers; and

WHEREAS, some federal funds may be made available through proper application for funding contained within Public Law 94-482 as amended with respect to the training of the unemployed."

The purpose of the amendment to the resolution is to mention the availability of federal funds and refers to the Public Law which is connected with the application for these funds.

Your Committee on Employment Opportunities and Labor Relations concurs with the intent and purpose of H.R. No. 236, as amended herein, and recommends that it be referred to the Committee on Finance, in the form attached hereto as H.R. No. 236, H.D. 1.

Signed by all members of the Committee.

SCRep. 782 Housing on S.B. No. 779

The purpose of this bill is to stimulate the State's construction industry by providing tax incentives for the renovation or improvement of existing residential buildings.

Your Committee finds that one segment of the State's working force which is hardest hit by the lack of available jobs is that of the construction industry. This measure proposes one approach to reducing unemployment in the construction industry by granting tax exemptions to owners of residential property if they employ licensed contractors to make substantial improvements to their existing residential property.

Your Committee concurs with the findings in Senate Standing Committee Report No. 449 and acknowledges that because public employment cannot alone solve Hawaii's unemployment problem, State efforts should be focused at stimulating the private sector.

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

1. The cost of improvements necessary to qualify for tax exemptions has been lowered from 20 per cent to 10 per cent.

This amendment, your Committee feels, will allow a larger number of persons to take advantage of this program, and will thus stimulate the construction industry to a greater extent.

2. The deadline for completion of construction has been changed from December 31, 1978 to June 30, 1979.

Your Committee feels that more time for completion is necessary in view of such time-consuming activities as the drawing up of architectural plans, obtaining a building permit, hiring of a contractor, etc.

3. On page 2, line 25, the word "and" (following the word structural) has been changed to "or".

4. On page 4, line 21 and page 5, line 1, the word "building" has been changed to "real property" for purposes of consistency.

5. Other technical, non-substantive changes have been made.

Your Committee on Housing is in accord with the intent and purpose of S.B. No. 779, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 779, S.D. 2, H.D. 1, and be referred to the Committee

on Finance.

Signed by all members of the Committee.

SCRep. 783 Housing on S.B. No. 74

The purpose of this bill is to exempt from income taxation sales of developed single-family residential land, where such sales are made by organizations exempt under section 501(c)(3) or treated as an estate or trust under Subchapter J of the Internal Revenue Code, and where sales are made to lessees of such residential lands.

Your Committee finds that such sales should be treated as involuntary conversion of property, and not as sales of property in the ordinary course of business, since such sales generally take place only pursuant to the threat or exercise of eminent domain by the Hawaii Housing Authority under Chapter 516, Hawaii Revised Statutes. Due to the important public purposes served by Chapter 516, your Committee determines that taxation should not be a barrier to increasing fee simple home ownership in the State.

Upon consideration of this bill your Committee has added a subsection (e) to further clarify the intent of this measure.

Other technical and language changes have also been made without change in substance.

Your Committee on Housing is in accord with the intent and purpose of S.B. No. 74, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 74, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 784 Water, Land Use, Development and Hawaiian Homes on S.B. No. 572

The purpose of this bill is to amend section 3, Act 83, Session Laws of Hawaii 1973, by specifying the uses for which the moneys appropriated for planning and economic development of Kauai may be used. It further amends the section by stating that the Kauai Task Force Loan Specialist shall be exempt from chapters 76 and 77, Hawaii Revised Statutes.

Since the inception of the Kauai Task Force in 1973, all administrative costs such as travel and per diem, printing, and personnel, have been borne by the departments' regular appropriations, thereby causing severe hardships to other on-going programs. Due to the complexity of Task Force programs as well as the need to continually monitor approved projects, early last year a loan specialist was hired to perform these tasks. The cost of this position was also borne by other department of agriculture on-going programs.

Your Committee on Water, Land Use, Development and Hawaiian Homes is in accord with the intent and purpose of S.B. No. 572, S.D. 1 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Garcia and Fong.

SCRep. 785 Water, Land Use, Development and Hawaiian Homes on S.B. No. 391

The purpose of this bill is to allow the department of planning and economic development to waive wholly the matching requirements for those fragile or fledgling industries which have potential for growth but which are not able to meet the matching requirements.

The Senate has amended the bill to allow discretionary waiver of matching requirements for the first three years of any contract. The matching requirement in such cases for the fourth year of any contract has been set at 20 per cent which is one-half of the present statutory requirement, and for the fifth and all subsequent contract years, the Senate has provided that the full 40 per cent matching shall be required.

Your Committee on Water, Land Use, Development and Hawaiian Homes is in accord with the intent and purpose of S.B. No. 391, S.D. 1 and recommends that it pass Second

Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Garcia and Fong.

SCRep. 786 Higher Education on S.B. No. 47

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 state 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 will allow for the use of public funds for financial aids to students attending private higher education institutions, your Committee has authorized the State Postsecondary Education Commission as the single public agency to receive and distribute federal funds. Your Committee believes that the Commission can represent the interests of both public and private higher education institutions if funds are appropriated for State participation in the 50% federally funded State Student Incentive Grant (SSIG) program which has been developed to assist needy postsecondary education students meet education costs. An amendment to the federal law creating the SSIG program requires that effective July 1, 1977, participating states must permit students attending nonprofit higher education institutions to be eligible to receive grants. Thus, the SSIG program, your Committee believes, will enable the State to expand both access and choice of higher education opportunities and alternatives to all of Hawaii's qualified students.

Your Committee has amended this bill to appropriate \$520,000 for the biennium at \$250,000 plus \$10,000 for temporary help for each fiscal year. This appropriation is contingent on the receipt of federal funds. Your Committee feels that until the State is ready to address the constitutional issue prohibiting the use of public funds for the support of private educational institutions, this bill will serve as an interim measure.

Your Committee on Higher Education is in accord with the intent and purpose of S.B. No. 47, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 47, S.D. 2, H.D. 1 and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 787 Ecology and Environmental Protection on S.B. No. 1489

The purpose of this bill is to improve enforcement of the State's litter laws by adding to Chapter 291C, Hawaii Revised Statutes, provisions against littering from vehicles.

Your Committee finds that in addition to the penalties imposed under Section 291C-161, Hawaii Revised Statutes, judges should be authorized to sentence persons convicted of the offense of littering to a given number of hours of picking up litter.

Your Committee has therefore amended S.B. 1489, S.D. 1, to allow for such a sentence.

Your Committee on Ecology and Environmental Protection is in accord with the intent and purpose of S.B. No. 1489, S.D. 1, as amended herein and recommends that it pass Second Reading in the form attached hereto as S.B. 1489, S.D. 1, H.D. 1, and be referred to the Committee on Judiciary.

Signed by all members of the Committee except Representatives Larsen, Garcia and Inaba.

SCRep. 788 Ecology and Environmental Protection and Consumer Protection and Commerce on S.B. No. 1464

The purpose of this bill is to effect a statewide litter abatement program.

Your Committees have made the following amendments to S.B. No. 1464, S.D. 2:

- (1) The section on findings and purpose has been condensed.
- (2) The following definitions have been amended:
 - (a) "Director" is the director of the department of health.
 - (b) "Litter" and "litter bag" have been condensed.
 - (c) "Litter receptacle" capacity requirements have been changed from 15-60 gallons to 15-35 gallons.
 - (d) "Motor vehicle" and "office" have been deleted.
- (3) The powers of the director have been amended by:
 - (a) Deleting the authority assigned to the director to accept cash in the form of government grants as the director of the department of health already has the authority.
 - (b) Deleting the provision which allows the director to employ any person without regard to chapter 76-77 because the existing personnel is sufficient.
- (4) The duties of the director have been amended by:
 - (a) Deleting the duty of recommending legislation for adoption as it is unnecessary.
 - (b) Deleting the requirement for the State to furnish litter bags for vehicles.
- (5) The prohibition section has been condensed and unnecessary language has been deleted.
- (6) The responsibilities of owners and lessees of real property have been restricted to sidewalks, alleys, curbs, roadway shoulder areas, fence lines, and hedges immediately adjacent to the owner's or lessee's property. The Committees feel it would be unjustified for such persons to be responsible for keeping all public properties adjoining theirs in a litter-free condition.
- (7) The guidelines and rules for providing receptacles and disposal of litter have been deleted. The amendment provides for the adoption of rules pursuant to Chapter 91, Hawaii Revised Statutes.
- (8) The requirement for litter bags to be kept in vehicles and watercraft has been deleted as it appears to be an unwarranted infringement upon the public.
- (9) The effective date of the ban of flip-top cans has been changed from June 30, 1978, to January 1, 1979, to allow for enough lead time for the switch from flip-tops to nondetachable tab cans.
- (10) The penalty for littering has been reduced from 40 hours of litter picking to 8 hours.
- (11) Enforcement powers have been amended by deleting the authority of enforcement personnel to arrest without warrant any person in violation of this chapter.
- (12) Appropriations are being reduced from \$300,000 to \$154,820 as the requested appropriation is not based on actual cost requirements. The lapse date has been changed because the Committee would like to review the program after one year and adopt funding based on a year's experience.

- (13) The effective date for sections -6, -7, and -8 in section 2 has been changed to January 1, 1979.

Your Committees on Ecology and Environmental Protection and Consumer Protection and Commerce are in accord with the intent and purpose of S.B. 1464, S.D. 2, as amended herein and recommend that it pass Second Reading in the form attached hereto as S.B. No. 1464, S.D. 2, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committees except Representatives Baker, Garcia and Uechi.

SCRep. 789 Consumer Protection and Commerce on S.B. No. 517

The purpose of this bill is to add a new chapter to the Hawaii Revised Statutes to regulate the sale of franchises in this State. This bill provides regulation on advertising, keeping of records and furnishing copies of an Offering Circular to prospective franchisees. It contains prohibitions on making untrue statements and engaging in activities that would be fraudulent. In addition, the bill specifies specific rights and prohibitions which shall govern the relationship between franchisors and franchisees. The bill also provides for civil liabilities and penalties for violation.

Instead of adding a new chapter to the Hawaii Revised Statutes, your Committee agrees with the Senate Judiciary Committee's recommendation that this bill be amended by amending Chapter 482-E, Hawaii Revised Statutes, to bring the Hawaii Franchise Investment Law more in line with the laws of other states. The following amendments to the existing Hawaii Franchise Law have been proposed for the following reasons:

1. Definitions (Section 482E-2, Hawaii Revised Statutes)

Definition of "Franchise". This definition, which requires only the use of a marketing plan prescribed in the substantial part by the franchisor together with the payment of the franchise fee or, in the alternative, the use of the franchisor's trademark together with the payment of a franchise fee, will broaden the range of franchises included within the scope of the franchise law. The traditional definition in state franchise laws has required both the marketing plan and trademark association criteria and the payment of a franchise fee. The term "franchise" also means "sub-franchise."

Definition of "Pyramid or Chain Promotion." " 'Pyramid or chain promotion' is any plan, scheme, or device for the continued expansion by a pyramid or chain process of distributorships or dealerships in which a participant gives valuable consideration for the opportunity to receive compensation or things of value:

- (1) in return for inducing other persons to become participants in the program, each of whom receives the same or similar right, privilege, license, chance, or opportunity; or
- (2) when a person introduced by the participant introduces one or more additional persons into participation in the program, each of whom receives the same or similar right, privilege, license, chance, or opportunity."

This definition is included in conjunction with the authority granted by the proposed amendment to Section 482E-6 to the Director of Regulatory Agencies to deny or revoke the registration of any franchise which constitutes a pyramid or chain promotion.

2. Registration of the Offer to Sell Franchises (Section 482E-3, Hawaii Revised Statutes)

The amendments proposed to Section 482E-3(b) permits the submission of a short form application accompanied by an offering prospectus which contains the information to be disclosed to prospective franchisees. Experience in other states indicates that the present law imposes an unnecessary compliance burden upon franchisors and an unnecessarily burdensome review procedure upon the states.

The proposed amendment to Section 482E-3(b)(5) clarifies the period for which the disclosure required by said Section must be made.

The proposed amendment to Section 482E-3(b)(5)(C) clarifies that disclosure of Federal Trade Commission and other public agency orders are limited to those relating to the business which is the subject of the franchise.

The proposed amendment to Section 482E-3(b)(8) is simply for clarification purposes.

The proposed amendment to Section 482E-3(b)(18) requires disclosure of the member of franchises canceled, terminated, not renewed, reacquired by the franchisor within the preceding three years.

The proposed addition of Section 482E-3(b)(25) is to provide statutory authority for the Director of Regulatory Agencies to accept registrations prepared in accordance with the Uniform Franchise Offering Circular rules and forms.

The proposed amendment to Section 482E-3(c) is to clarify that the escrow or impoundment order can apply to other funds as well as franchise fees, and to provide to the franchisor the option of posting a satisfactory surety bond and to clarify that the escrow or impoundment of such funds may be continued by the Director of Regulatory Agencies until the obligations of the franchisor are fulfilled.

The proposed amendments to Section 482L-3(f) are for purposes of clarification.

3. Exemptions (Section 482E-4, Hawaii Revised Statutes)

The proposed amendments to Section 482E-4 would: (1) modify the existing exemption by eliminating the requirement that the franchisee invest \$100,000 or more, converting that situation into a separate independent exemption and (2) add two exemptions for franchisors that have and are offering fewer than ten franchises in Hawaii and do not advertise their franchises and for franchisors who do not require payment of a franchise fee in excess of \$1,500 per year and who do not advertise their franchises. With respect to each of the above exemptions full disclosure is required to be made to the prospective franchisee prior to his purchase of a franchise and the presale disclosure period has been increased from 48 hours to 7 days.

The proposed amendment to Section 482E-4(a)(4)(D) (new Section 482E-4(a)(4)(F)) would modify the presale disclosure requirements of franchisors exempt from registration in the same manner as the disclosure required by franchisors who must register.

The proposed amendments to Section 482E-4 would also add exemptions for the extension or renewal of an existing franchise (new Section 482E-4(a)(7)), the offer or sale of a franchise by a franchisee for his own account (new Section 482E-4(a)(9)), the offer or sale of an additional franchise to an existing franchisee (new Section 482E-4(a)(8)) and the offer and sale of franchises by a franchisor domiciled in Hawaii where the prospective franchisee is not domiciled in Hawaii and the franchise business will not be conducted in that state (new Section 482E-4(a)(6)). Finally, the proposed amendments would give the Director of Regulatory Agencies the discretion to exempt franchise offerings in whole or part from the registration requirements of the Act (new Section 482E-4(c)).

4. General Provisions (Section 482E-5, Hawaii Revised Statutes)

The proposed amendment to Section 482E-5(c) is for purposes of clarification.

The proposed amendments to Section 482E-5(d) is for purposes of clarification and to extend the presale disclosure period from 48 hours to 7 days.

The proposed amendment to Section 482E-5(f) is to clarify that every franchisor offering or selling a franchise under an exemption from registration must file a consent to service of process.

5. Relationship Between Franchisor and Franchisee (Section 482E-6, Hawaii Revised Statutes)

The proposed amendments delete existing Section 482E-6 in its entirety and substitute a new Section 482E-6. Certain provisions of a franchise relationship would, under the proposed amendment, be deemed to be unfair practices and as such would constitute additional grounds for the Director of Regulatory Agencies to deny or revoke the registration of the offer of a franchise. These practices include restrictions on the right of franchisees to join an association of franchisees or requirements that they do so, certain restrictive purchasing or leasing obligations imposed on franchisees, certain competition between the franchisor and its franchisees, any requirements that the franchisee agree to release or waive his rights under Chapter 482, certain rights of the franchisor to terminate or refuse to renew a franchise, certain discrimination between franchisees and the fact that the franchise constitutes a pyramid or chain promotion.

Eliminated by the proposed amendment are the numerous ambiguities contained in Section 482E-6 as originally enacted and the private civil action afforded to franchisees thereunder. The ambiguous and ill conceived provisions of Section 482E-6 are the most objectionable provisions of the Hawaii law from the standpoint of franchisors, who fear that this Section will invite extensive litigation and introduce into the franchise relationship in Hawaii many years of uncertainty as to the legal rights of franchisors and their franchisees. Franchisors believe that unfair practices in the franchise relationship should be identified and defined in the statutes and should be made grounds for denial or revocation of registration of the franchise rather than the grounds for civil liability. Under the statutory scheme favored by franchisors, unfair practices can be eliminated at the time of registration for the benefit of all future franchisees and not await the outcome of uncertain litigation.

6. Registration of Franchise Broker or Selling Agent (Section 482E-7, Hawaii Revised Statutes)

The proposed amendments delete the existing Section 482E-7 in its entirety and substitute a new Section 482E-7 requiring franchisors subject to registration to identify all persons who will act as franchise brokers or selling agents either in their Offering Circular or in a separate form to be filed with the Director of Regulatory Agencies and containing extensive information. Franchisors favor this form of identification of brokers and salesmen over a registration procedure for several reasons. In the case of a great many franchisors, there are no salesmen other than persons who act in an executive capacity for the franchisor and who will be identified as such in the franchisor's Offering Circular. A registration procedure as to such persons is unnecessarily burdensome. Secondly, franchisors believe that registering salesmen potentially arms them with an authority which may be misused by unscrupulous salesmen in selling franchises to unsophisticated buyers. Franchisors believe that the identification system contemplated in the proposed amendment will give the Director of Regulatory Agencies the same information as is secured under a registration system and will enable him to enforce Chapter 482E, Hawaii Revised Statutes, with respect to brokers and selling agents to the same extent as with a registration system.

7. Duties of the Director (Section 482E-8, Hawaii Revised Statutes)

The proposed amendment to Section 482E-8(a)(6) is to clarify that the right to deny, suspend or revoke registration must be based on both the franchisor's failure to demonstrate adequate financial arrangements and capitalization and its inability or unwillingness to comply with an escrow or impound order.

The addition of Section 482E-8(a)(8) is in accordance with the proposed substitution of new Section 482E-6. It gives the Director or Regulatory Agencies more discretionary powers to issue stop orders pursuant to section 482E-8.

8. Civil Liability (Section 482E-9, Hawaii Revised Statutes)

The proposed amendment to Section 482E-9(a) is to eliminate from the scope of the civil remedies under said Chapter 482E the commission of unfair practices as defined in Section 482E-6.

The proposed amendment to Section 482E-9(c) eliminates the discretion of a court to increase damages up to three times actual damages sustained. Franchisors are strongly opposed to provisions for multiple damages in state franchise laws on the grounds that many of the potential violations of such laws are technical in nature and may be inadvertent. The closest analogy to state franchise laws are federal and state securities laws, which do not provide for multiple damages. The only state law which presently provides for multiple damages is the Washington Act and the provision providing for multiple damages therein has been a factor influencing a number of franchisors to suspend offers of franchises in that state, even after the substantial amendments to its law as originally enacted.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 517, S.D. 2, and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

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 aware 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, non-regulated corporations.

Your Committee agrees with the Senate Committees on Ways and Means and Public Utilities, that this bill be amended 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 the 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 on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 647, S.D. 2, and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Baker.

SCRep. 791 Consumer Protection and Commerce on S.B. No. 251

The purpose of this bill is to provide a penalty for false certification of storage for vehicles eligible for tax exemption. The measure also provides that persons shall pay tax due for the quarterly period(s) prior to storage for the year in which the vehicle was stored and for the fraction of the current year in which the person is registering the vehicle.

Your Committee has amended this bill to clarify that the previous provision applies if certification is presented to the treasurer between December 31 of the year in which the vehicle is registered and March 31 of the immediate following year.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 251, S.D. 1, as amended herein and recommends that it pass Second Reading in the form attached hereto as S.B. No. 251, S.D. 1, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Baker.

SCRep. 792 Culture and the Arts on S.B. No. 856

The purpose of this bill is to establish a 75th anniversary commission on Filipinos coming to Hawaii under the Progressive Neighborhood Program within the Office of

the Governor until December 31, 1981, at which time, the commission shall expire.

This bill places the commission in charge of all arrangements for the commemoration of the 75th anniversary celebrating the arrival of Filipinos to Hawaii.

According to testimony presented to your Committee by Bienvenido Junasa, Director of the State Immigrant Services Center, the establishment of such a commission would facilitate the following:

- (1) Documentation and publication of materials on the life and experience of Filipinos in Hawaii;
- (2) Evaluation of cultural value systems enabling a smoother integration into Hawaii's multi-ethnic community; and
- (3) Promotion of better understanding among all residents

Mr. Jake Manegdeg, President of the United Filipino Council of Hawaii, assured your Committee that funds necessary for the celebration would be obtained through private donations and community support, as provided in Section 5 of S.B. No. 856, S.D. 1.

Your Committee on Culture and the Arts is in accord with the intent and purpose of S.B. No. 856, S.D. 1 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 793 Culture and the Arts on S.B. No. 589

The purpose of this bill is to eliminate the possible overlapping functions of ethno-cultural programs within the Governor's office by repealing Chapter 9C of the Hawaii Revised Statutes.

Chapter 9C of the HRS was enacted in 1971 as Act 163 entitled "Ethnic Studies".

Act 163 appropriated \$100,000 for an ethnic studies program in the office of the governor responsible for 1) the collection and preservation of Hawaii's social and cultural history; 2) the subsidy of studies among ethnic groups wishing to start their own programs; 3) the creation of a centralized repository of multi-cultural materials. The governor was authorized to contract with the Hawaii foundation for history and the humanities, the University of Hawaii, or any private or public organization for carrying out the purposes of this act.

In 1972, based on a proposal submitted by the foundation, the Governor contracted with the foundation. According to the proposal, the foundation would establish an ethnic research and resource center within the foundation to implement the ethnic studies program. The proposal also included provisions for a staff and a separate board of directors for the center. Upon receiving a contract from the Governor's office, the foundation proceeded to carry out the program.

In 1974, through Act 251, the ethnic research and resource center became the multicultural studies program (later the Multi-Cultural Center) and was statutorily placed within the foundation until its incorporation as a private organization in 1976.

According to the Senate's Standing Committee Report No. 372-77 the ethnic studies program in the Governor's office under Chapter 9C of the Hawaii Revised Statutes, has not been funded or utilized as a matter of practice. Passage of Senate Bill No. 589 would not affect any on-going efforts in ethno-cultural studies within the State.

Your Committee on Culture and the Arts is in accord with the intent and purpose of S.B. No. 589 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 794 Youth and Elderly Affairs on S.B. No. 1408

The purpose of this bill is to completely revise Hawaii's criminal laws relating to obscenity and conform them to the latest decision of the United States Supreme Court.

It is also the purpose of this bill to expand and strengthen the prohibitions against involvement of minors in the production, traffic and viewing of pornography.

Your Committee on Youth and Elderly Affairs is in accord with the intent and purpose of S.B. No. 1408, S.D. 1 and recommends that it pass Second Reading and be referred to the Committee on Judiciary.

Signed by all members of the Committee.

SCRep. 795 Employment Opportunities and Labor Relations and Public Employment
and Government Operations on S.B. No. 22

The purpose of this bill is to appropriate \$4,000,000 for the fiscal year 1977-78 to continue the State Program for the Unemployed as established by Act 151, Session Laws of Hawaii 1975 and amended by Act 134, Session Laws of Hawaii 1976. This bill also provides that all unencumbered appropriations under Act 134 will lapse on June 30, 1978 and all unexpended appropriations as of June 30, 1977, will carry over for the fiscal year 1977-78.

Act 151, Session Laws of Hawaii 1975, established the State Program for the Unemployed (SPU) which was designed as a one-year program to mitigate the effects of the State's high unemployment rate through three components. Part II, State Comprehensive Employment and Training (SCET), provides public service jobs; Part III, State Assistance for Certain Employment, subsidizes employers agreeing to train and permanently hire unemployed persons; and Part IV, State Loans for Certain Employment, provides low-interest loans to employers willing to hire and train unemployed persons. Continued high unemployment in 1976 encouraged the Legislature to extend and fund SPU for an additional year through Act 134.

Your Committees believe that unfavorable economic conditions and accompanying high unemployment in the State necessitate the continuance of SPU for an additional year. At the same time however, your Committees feel that after two years of program implementation experience, certain program provisions should be changed to strengthen and improve the program's operations. Accordingly, your Committees have amended this bill to provide for the following changes:

- (1) Replacing all references to "heads of household" with "individuals" to eliminate the inherent sex discrimination found in the prioritization of referrals to SCET thereby making it possible to utilize federal funds.
- (2) Authorizing the Director of Labor to provide all forms of job training under SCET and the State Assistance for Certain Employment.
- (3) Authorizing the Director of Labor to employ civil service exempted staff necessary for the administration of SPU.
- (4) Eliminating the "economically disadvantaged" category under the State Assistance for Certain Employment.
- (5) Increasing the appropriation from \$4,000,000 to \$16,000,000 for SCET and \$1,000,000 for the implementation of Part III and Part IV under SPU.
- (6) Making technical changes such as deletion of unnecessary words.

Your Committees believe that SPU has been successful in providing temporary, immediate employment to many of Hawaii's jobless. However, your Committees also believe that the foregoing amendments are necessary because they provide for program changes which would increase its effectiveness.

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 S.B. No. 22, S.D. 2 as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 22, S.D. 2, H.D. 1, and be referred to the Committee on Finance.

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

SCRep. 796 Public Employment and Government Operations on S.B. No. 1350
(Majority)

The purpose of this bill is to ensure public employment to those persons who intend to reside in the State and who have been physically present in the State for at least one year immediately prior to employment.

The State of Hawaii is unique among the fifty states in the union because of its geographical separation which hinders population mobility; its cultural environment and particular lifestyle which may cause adjustment difficulties for residents moving to other parts of the nation; and its perceived desirability as a place to live which encourages large scale in-migration. All three of these factors have contributed to a disproportionate increase in the growth of the civilian labor force to the growth of the local job market, resulting in high unemployment.

From this point of view, your Committee finds that the community has a commitment to provide jobs for its people and that in particular the commitment should be to people who have expressed and demonstrated an intent to live in the community. This bill is evidence of that commitment.

However, your Committee feels that the bill in its present form contains certain provisions which may be detrimental to the intent of the bill. Therefore your Committee has amended the bill by deleting the amended subsection (d) of the bill which provides for certain exceptions to the residency requirement. Your Committee found the language to be ambiguous, raising questions of interpretation. Your Committee also found that certain stated exceptions could produce a reverse effect and penalize those residents of the State who may be forced to leave Hawaii for a period of time to seek employment and upon their return, be treated as if they are not residents of the State. Your Committee has, therefore, retained the original statutory language of subsection (d), relating to resident females who marry non-residents and subsection (e) relating to positions involving the security of Hawaii and the United States.

Your Committee on Public Employment and Government Operations is in accord with the intent and purpose of S.B. No. 1350, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1350, S.D. 1, H.D. 1, and be referred to the Committee on Judiciary.

Signed by all members of the Committee.
(Representatives Cayetano, Cobb and Mina did not concur.)

SCRep. 797 Public Employment and Government Operations on S.B. No. 1472

The purpose of this bill is to convert to civil service status, three exempt employees employed as senior center program aides at Honolulu Community College.

Three senior citizen program aide positions were recently converted from exempt to classified status under the state civil service system. However, the three exempt employees presently occupying the converted positions have not been accorded civil service status. This bill would provide civil service status to these three employees without necessity of examination or loss of employee benefits.

Your Committee on Public Employment and Government Operations is in accord with the intent and purpose of S.B. No. 1472, S.D. 1 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 798 Health on H.R. No. 535

Your Committee finds that the expense of acquiring comprehensive medical care service has been constantly increasing, making it difficult for residents of our State to afford these services.

There exists in Hawaii a significant "gap group", a majority of which consists of persons who are low income yet who do not qualify for medical assistance from the State, Medicare, Medicaid, and who are not eligible for coverage by prepaid health plans.

Therefore, your Committee recognizes the need to assess the services available to persons who compose this gap group.

Your Committee on Health concurs with the intent and purpose of H.R. No. 535 and recommends that it be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 799 Energy and Transportation on S.B. No. 246 (Majority)

The purpose of this bill is to provide additional revenues to the state highway fund by instituting a state vehicle tax. The proposed state vehicle tax will be levied against the owner of a vehicle and is in addition to the county vehicular tax currently being imposed by the several counties. Certain exemptions are made. This bill also makes permanent the present 3-1/2 cent temporary increase in the state fuel tax.

Your committee finds that additional revenues to the state highway fund are required to pay for the increasing costs of upkeeping and maintaining the State Highways system and to pay for the cost of constructing highways incorporated in the system.

The operation and maintenance of the state's land transportation facilities, including debt service on bonds, are financed primarily by the state tax on motor fuel. Other sources of financing include income from permit fees, rentals and proceeds from the disposal of unrequired remnants of land acquired for highway rights-of-way.

Your committee finds that the state highway fund faces a deficit and requires additional revenues. Failure to provide such additional revenue would adversely affect the construction and maintenance of necessary highway facilities and would inevitably lead to indebtedness in excess of the State debt ceiling.

The fuel tax, which is the primary source of revenue for the state highway fund, is an inadequate and unstable source of revenue. It is also a highly regressive tax to many citizens who cannot afford the continuous upward spiral in the price of fuel and who, because of our state's uniquely limited land area, do substantially less discretionary and recreational driving than their mainland counterparts and who, as a result, have comparatively little opportunity to reduce their fuel consumption.

Continued complete reliance on the fuel tax to provide funds for highways and highway related activities not only unfairly penalizes those with low incomes who, for a variety of justified reasons, must drive long distances, but fails to come to grips with the very real problems of an impending increase in the federal fuel tax, the possibility of another oil embargo and the obvious conflict with our state's energy conservation policy, all or any of which would seriously affect the revenue producing capability of the state fuel tax by promoting or compelling a reduction in fuel consumption which in turn would result in reduced revenues for the state highway fund.

Rather than viewing the impending highway fund deficit as simply a revenue problem the Legislature finds that a more comprehensive and long term solution must include the consideration of fuel conservation both as a goal and as it affect fuel tax revenues, tax equity, and the relationship between the members and sizes of vehicles and our capacity to accommodate these vehicles in terms of our limited land area, highway capacity and funding ability.

Your committee agrees that a tax on a vehicle by weight would provide both a disincentive which would promote energy conservation and new revenues for the state highway fund.

Your committee amended this bill by adding an exemption to the vehicle weight tax for motor vehicles used for commercial purposes.

Your committee on Energy and Transportation is in accord with the intent and purpose of S.B. 246, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. 246, S.D. 1, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.
(Representatives Abercrombie, Evans, Kiyabu, Say and Ikeda did not concur.)

SCRep. 800 Consumer Protection and Commerce on S.B. No. 563 (Majority)

The purpose of this bill is to increase the amount of gross weight and axle weight that a vehicle operating on noninterstate highways may carry.

Your Committee, after careful consideration of numerous testimony, has decided to amend this bill further.

Your Committee is aware that the economic well-being of certain key industries, especially agriculture and construction, are to a certain extent, dependent upon an increase in the weight loads that vehicles may carry. Your Committee has attempted to address this problem while keeping in mind the safety ramifications of an increased weight load upon the roads of the State. Your Committee is also not unaware of the endangerment of federal funds for transportation programs should the weight load laws be unenforced. Thus a benefit of an increase in the permissible weight load is the creation of a realistic weight limit that can be enforced without endangering key economic industries so that the flow of federal funds is also not endangered.

Your Committee has amended Section 1 of this bill to specify that it is the weights and measures division of the department of agriculture that will supply technical assistance to the police department in its enforcement actions.

Your Committee has further amended Section 1 so that efforts at compliance be directed at violations of Section 291-33 as well as sections 291-34 to 291-36.

Section 2 of the bill has been amended by inserting a definition of tandem axle. This amendment should clarify any possible confusion as to the meaning of a tandem axle.

Your Committee has amended Section 2 of the bill further to provide that the weight limits be the same for all vehicles operating on non-interstate roads and not only for vehicles carrying certain goods or materials. The allowable tandem axle load of 36,000 pounds has been amended to 34,000 pounds to better conform with federal guidelines and also for safety reasons. The formula utilized to determine the maximum allowable gross vehicle weight has been changed to $W = 880(L + 40)$ and not $W = 920(L + 40)$. The amended formula would permit a ten per cent increase over the currently permissible weight limits as opposed to the fifteen per cent increase that would have been permitted by the now deleted formula.

Your Committee has also amended the definition of N to be used in Section 291-35(2)(C) to conform with the federal definition.

In the interests of safety, your Committee has amended the bill to require instead of permitting the director of transportation or county engineer to place and maintain signs limiting the weight of vehicles traveling on bridges or other highway structures that would be adversely affected by the permissible weight load. The removal of this discretionary power and making it mandatory is a reflection of your Committee's concern over safety implications of increased weight loads on certain highway structures, and it is this same concern that motivated your Committee to exempt the director or county engineer from the provisions of Chapter 91 when acting pursuant to these provisions of Section 291-35(5). This will enable the respective departments to respond quickly to a potentially unsafe situation.

Your Committee is aware of the need for vehicles in the agricultural industry to carry up to their maximum capacity when engaged in the transport of agricultural products from the field where harvesting occurs to the processing place. Without this ability, the industry would be operating at less than maximum efficiency and may not be able to transport its the prospects of economic processing place which would eliminate the prospects of economic survival for many agricultural companies. Such a prospect is unthinkable, and accordingly, your Committee has amended this bill making the provision, permitting vehicles carrying agricultural products to exceed the weight limits of Section 291-35 in certain situations, mandatory rather than discretionary.

Section 3 of the bill has been amended to authorize the director of the department of transportation or the county engineer to charge a fee of \$2.50 for each permit issued and to deposit such fee into the state or county's account for special funds for highways.

Your Committee has amended Section 4 of this bill to provide for more stringent penalties for violations of the provisions of the chapter.

Your Committee has expanded the parameters of the fine that may be levied upon

conviction and added a possible jail sentence. Your Committee has amended the bill to require a mandatory fine, to be set within certain parameters, for subsequent convictions of violating this section. This provision should aid in deterring companies from violating these weight limitations since the mandatory fine will not be levied upon the operator of the vehicle but upon the persons or officers of the firm or corporation owning the vehicle.

Section 6 of the bill has been amended to include a "drop dead" clause limiting the effect of the bill to one year. Thus, if these provisions are to be extended beyond that time period, an evaluation of the effects of these provisions would be in order.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 563, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 563, S.D. 1, H.D. 1, and be referred to the Committee on Energy and Transportation.

Signed by all members of the Committee except Representative Baker.
(Representative Uwaine did not concur.)

SCRep. 801 Consumer Protection and Commerce on S.B. No. 460

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, 1978) 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 board'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. No. 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 S.B. No. 460, S.D. 1, and recommends that it pass Second Reading and be referred to the Committee on Public Employment and Government Operations.

Signed by all members of the Committee except Representative Baker .

SCRep. 802 Public Employment and Government Operations and Judiciary (Majority)

The purpose of this bill is to complete the clarification of the Hawaii Revised Statutes to reflect the Constitutional intent of separate and co-equal branches of government by establishing a separate and independent personnel system for the Judiciary .

Although the Constitution incorporates the principle of separation of powers and the principle that no one branch of government shall dominate another, with respect to the Judiciary the statutes are not in keeping with these principles. Act 159, Session Laws of Hawaii 1974, initiated the implementation of the separation of powers mandate by granting the Judiciary fiscal separation from the Executive and a degree of separation in personnel matters. The provisions of Senate Bill 991, S.D. 1, would amend the statutes relating to personnel matters to make them fully conform to the Constitutional principles .

This bill creates a personnel system for the Judiciary, and grants to the Chief Justice and the Administrative Director of the Courts the powers and duties assigned in personnel law to the Governor and the Director of Personnel Services, respectively. The Judiciary shall have a status co-equal with the Executive branch of the State and with the several counties, for the purposes of developing a position classification plan, formulating personnel rules and regulations, and administering the Judiciary personnel system. For purposes of collective bargaining, however, the Governor remains the employer for the Judiciary .

Under the provisions of this bill, personnel actions of the Judiciary would be appealed to a personnel appeals board composed of three members: a representative of the Department of Personnel Services, a representative of the Judiciary, and a representative of an exclusive bargaining unit. This board shall not be subject to the provisions of Section 26-34, Hawaii Revised Statutes, but shall have an authority equal to the civil service commission with respect to all personnel matters within the jurisdiction of the Judiciary. It is the intent of your Committees that once appointed, this board shall act on all appeals, regardless of which bargaining unit is involved in the appeal .

Your Committees on Public Employment and Government Operations and Judiciary are in accord with the intent and purpose of S.B. No. 991, S.D. 1 and recommend that it pass Second Reading and be referred to the Committee on Finance .

Signed by all members of the Committees .
(Representatives Cobb and Uwayne did not concur .)

SCRep. 803 Public Employment and Government Operations on S.B. No. 574

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. Senate Bill 574 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 S.B. No. 574 and recommends it pass Second Reading and be referred to the Committee on Finance .

Signed by all members of the Committee .

SCRep. 804 Public Employment and Government Operations on S.B. No. 140

The purpose of this bill is to establish a method for the adjustment of compensation, hours, terms and conditions of employment, and other benefits of public officers and employees excluded from collective bargaining, except for those officers and employees whose compensation presently is established by the Constitution, statutes, or county charters and ordinances .

Your Committee finds that there is no established procedure for making such adjustments for those employees excluded from collective bargaining. This bill provides for adjustments

to be made at the discretion of the chief executives of the State or counties, and the Board of Regents, or Board of Education, with the approval of the Governor. The adjustments for excluded employees with equivalent or identical positions with public employees within collective bargaining units shall not be less than those granted to the employees covered by collective bargaining agreements.

Upon consideration and discussion of the intent and purpose of this bill, your Committee has made extensive amendments.

The sentence "These adjustments shall be made irrespective of the compensation of officers or employees whose compensation presently is established by the Constitution, Statutes, or County charters and ordinances other than chapters 77, 297, and 304." has been deleted. It is not the intent of your Committee to make adjustments without regard to the compensation established by the Constitution, statutes, or county charters and ordinances. Rather, it is your Committee's intent that adjustments be made in relation to compensation provided by collective bargaining agreements, compensation set by statutes, and a system of personnel administration based on the merit principle.

A new paragraph has been added to further specify this intent:

"No adjustment shall exceed ninety-five percent of the compensation established by section 26-53 for the first deputy or first assistant; nor shall any adjustment in compensation, hours, terms and conditions of employment or benefits be established which is in conflict with the system of personnel administration based on merit principles and scientific methods governing the classification of positions and employment, conduct, movement, and separation of public officers and employees."

Your Committee believes that these amendments establish the proper mechanisms and parameters for providing adjustments in compensation, hours, terms and conditions of employment, and other benefits to excluded employees.

The bill has been further amended to require the approval of the appropriate legislative body for any adjustments or appropriations necessary to fund the adjustments. Furthermore the Committee has prohibited the chief executives of the State or counties, the Board of Education, or the Board of Regents from making any adjustments or using funds appropriated for other purposes to make adjustments without prior approval of the appropriate legislative bodies.

Your Committee has also made several technical and stylistic amendments to the bill which do not affect its substance.

Your Committee on Public Employment and Government Operations is in accord with the intent and purpose of S.B. No. 140, S.D. 1 as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 140, S.D. 1, H.D. 1 and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 805 Public Employment and Government Operations on S.B. No. 237

The 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 finds that with respect to public 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 for under Section 89-11 (c) of the collective bargaining law, 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 therefore, recommends the adoption of the procedures established in this bill as 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.

Upon due consideration and discussion of the intent and purposes of this bill, your Committee recommends the following amendments:

(1) Delete the provision which specifies that the Hawaii Public Employment Relations Board shall submit the final offers of both parties to the arbitrator. This amendment is consistent with the intent of the Senate as expressed in Standing Committee Report No. 149, which found it undesirable for the Board to be involved in the submission of final offers to the arbitrator. In some instances, maintaining the confidentiality of these final offers may be crucial to arriving at an early settlement.

(2) Amend the set of criteria which the arbitrator shall consider in making his decision by deleting "(c) The interests and welfare of the public and the financial ability of the unit of government to meet these costs", and replacing it with the following points:

- (3) The interests and welfare of the public.
- (4) The financial ability of the employer to meet these costs.
- (5) The present and future general economic condition of the counties and the state.

The delineation of point (c) into three separate factors would encourage the arbitrator to give equal weight and consideration to each in the course of his deliberation.

(3) Amend the section requiring the employer to submit cost items to the appropriate legislative bodies within ten days, by adding a provision to clarify that such items shall be submitted within ten days "after the date on which the agreement is entered into"

(4) Add a provision specifying that the costs for mediation shall be borne by the Hawaii Public Employment Relations Board. This amendment is consistent with existing statutory provisions contained in Section 89-11 (b), Hawaii Revised Statutes.

(5) Provide for an effective date of July 1, 1978, to ensure that enactment of this bill will not interfere with or prejudice current negotiations.

(6) Provide for the expiration of this Act on July 1, 1988, to allow legislative evaluation of its provisions, based upon the intervening collective bargaining experiences.

Your Committee has also made several technical and stylistic amendments to the bill which do not affect its substance.

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 on Public Employment and Government Operations is in accord with the intent and purpose of S.B. No. 237, S.D. 1 as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 237, S.D. 1, H.D. 1 and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 806 Public Employment and Government Operations on S.B. No. 1299

The purpose of this bill is to accord civil service status to all employees of any county legal department under the executive except for statutorily exempt positions such as the department head, attorneys, law clerks, and private secretaries.

The bill also provides for all tenured employees in a legal department of the executive branch of any political subdivision to be continued in their respective positions without loss of civil service benefit. All non-tenured employees are to be converted to civil service without examination and loss of civil service benefit.

Recent court actions involving the question of the relationship between civil service law and county charter provisions regarding personnel have prompted this measure. Your Committee feels that this bill clearly expresses the intent of the Constitution which provides that charter provisions are superior to statutory law only with respect to the political subdivision's legislative and administrative structure and organization and that in all other cases, general law prevails.

Your Committee on Public Employment and Government Operations is in accord with the intent and purpose of S.B. No. 1299 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 807 Youth and Elderly Affairs on S.B. No. 346 (Majority)

The purpose of this bill is to enforce certain laws and ordinances against juvenile violators when such laws and ordinances limit enforcement by means of citations only.

Presently, the Family Court Act allows the issuance of citations to juveniles only for violations involving the operation of motor vehicles. If Section 571-21(b), Hawaii Revised Statutes, is not amended, the police will not be able to enforce certain laws and ordinances against juvenile violators when such laws and ordinances limit enforcement by means of citations only.

Your Committee on Youth and Elderly Affairs is in accord with the intent and purpose of S.B. No. 346, S.D. 1, and recommends that it pass Second Reading and be referred to the Committee on Judiciary.

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

SCRep. 808 Tourism on S.B. No. 1193

The purpose of this bill is to extend the lapsing date on state appropriations for Waikiki improvements and thereby permit the expenditure of funds through June 30, 1978. The appropriation would otherwise lapse as of June 30, 1977 under existing law.

Your Committee finds that Waikiki is a special district deserving limited extension of appropriations because of its importance to tourism which reflects on the economy of the State as a whole.

Your Committee on Tourism is in accord with the intent and purpose of S.D. No. 1193, S.D. 1 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Abercrombie.

SCRep. 809 Water, Land Use, Development and Hawaiian Homes on S.B. No. 1139

The purpose of this bill is to foster the development of aquaculture by expanding the aquaculture loan program to a level generally comparable to that of the farm loan program. It is intended to stimulate and facilitate the rapidly growing aquaculture industry through loans. Significant provisions of this bill include the raising of loan limit, providing for participation and insured loans, and delineating purposes and terms of loans including the addition of cooperatives.

Financing requirements of aquaculture are generally similar to diversified agriculture. The existing loan ceiling of \$75,000 is too restrictive to meet the capital intensive requirements of starting-up an aquaculture operation. Restructuring the loan program will put the aquaculturist on equal footing with the conventional land farmer. Addition of participation and insured loans will lessen the stress for State funds in anticipation of increased interest by private lenders as progress is made in the development of the aquaculture industry.

Your Committee on Water, Land Use, Development and Hawaiian Homes is in accord with the intent and purpose of S.B. No. 1139, S.D. 1 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 810 Energy and Transportation on S.B. No. 735

The purpose of this bill is to amend Section 286-51, Hawaii Revised Statutes, to provide an additional fifty-cent fee to be assessed and collected annually by any county with a population of 100,000 or more, to be used and administered by such county for the purpose of beautification of county highways and disposition of abandoned vehicles.

The Legislature established a staggered registration system for motor vehicles through Act 237, Session Laws of Hawaii, 1976. However, in the bill redrafting process, the paragraph dealing with Highway Beautification and Disposal of Abandoned Vehicles Revolving Fund was inadvertently deleted. Your Committee notes that the City's Licenses Division registered approximately 418,000 motor vehicles in fiscal year 1975-76 which generated \$205,000 for highway beautification and disposal of abandoned vehicles. The additional income derived from the 50¢ annual charge will drastically reduce the general fund expenditures required for such purposes. Your Committee further finds that the changes reflected in Act 237, Session Laws of Hawaii, 1976 will become effective on January 1, 1978; therefore, the amendment proposed by this bill is necessary this session.

Your Committee on Energy and Transportation is in accord with the intent and purpose of S.B. No. 735 and recommends that it pass Second Reading and be referred to your Committee on Finance.

Signed by all members of the Committee.

SCRep. 811 Energy and Transportation on S.B. No. 995

The purpose of this bill is to encourage the use of non-fossil fuel for the generation of energy which will help to reduce dependence upon imported fossil fuels and create additional jobs in the State by encouraging development of non-fossil fuel power production industry.

S.B. No. 995, S.D. 2 accomplishes this purpose by:

1. adding a new subsection 269-1(7) which excludes from the definition of "public utility", and thereby exempts from Public Utilities Commission (PUC) regulation, any person who controls, operates or manages plants or facilities for production, transmission or furnishing of power from non-fossil fuel sources for its internal uses, but who also provides, sells or transmits a portion of such power not used for such purposes directly to a public utility for transmission to the public.
2. adding a new section to Chapter 269 providing that:
 - a. the PUC shall investigate and determine the extent to which such surplus electricity is available to public utilities;
 - b. that the PUC shall direct utilities to arrange for the acquisition and use of available surplus electricity; and
 - c. that the rate paid by the receiving utility to the supplier is to be negotiated by the parties and shall be subject to approval by the PUC. Should the parties be unable to reach an agreement, the PUC is to prescribe the rate according to guidelines set down in subsection (c)(1) of this section.

Your Committee heard testimony on a companion measure, H.B. No. 1254, which was almost identical in language and was virtually identical in intent to S.B. No. 995. This testimony raised certain serious issues concerning these bills in their original form which your Committee finds have been satisfactorily resolved in S.B. No. 995, S.D. 2.

The House Bill and the original Senate Bill provided that the rate payable by the public utility to the producer for non-fossil fuel generated electricity supplied to the public utility was to be "not less than the actual costs for fossil fuel that the public utility would have incurred in the production of the same amount of electricity from fossil fuel." This scheme, which keyed the cost of non-fossil fuel to that of petroleum products, and which was opposed in testimony presented by the State Department of Planning and Economic Development and the Hawaiian Electric Company and questioned by the PUC and the Office of Environmental Quality Control, has been discarded in the amended Senate Bill. The bill now provides for negotiation of rates by the public utility and the supplier, to be approved by the PUC as before, but with no reference to a minimum rate; presumably the supplier will, as in the past, negotiate at arms' length for a rate sufficiently high to justify its entering into the contract. In the event that the parties fail to reach an agreement, the amended bill provides for PUC-prescribed rates, as before. However, instead of keying these rates to a minimum based on the cost of fossil-fuel generated electricity, the bill now instructs the PUC to give due consideration to, among other factors, (a) the costs that the public utility would incur in the supply of electricity; (b) the need in the public interest of adequate and economical electrical service by the public utility; and (c) the need of revenues sufficient to enable the producer of non-fossil fuel generated electricity to provide the electricity to the public utility.

Your Committee concurs with the above-described amendment and supports its clear intent to grant equitable consideration to competing interests in the matter of rate-setting. Your Committee finds little economic justification in the original pricing formula, which had the following significant weaknesses:

- (a) it did not take into consideration the relative unreliability of the non-fossil fuel supply, and the concomitant increase in the cost to the public utility company in maintaining its service to consumers;
- (b) it did not take into account extra capital investment, maintenance and operation costs incurred by public utilities to enable them to utilize non-fossil fuel;
- (c) it increased the probability of continued upward escalation in the price of purchased electrical power, as the price base, oil, promises to continue to rise in the foreseeable future;
- (d) it eliminated the PUC's economic incentive to buy non-fossil fuel generated energy by setting its cost at a level at least equal to the cost to the utility of producing electricity from fossil fuel;

- (e) it unnecessarily provided for a floor price equal to the highest price currently in effect; your Committee heard testimony indicating that Hawaiian Electric Company and its subsidiaries have negotiated and have in effect several contracts for bagasse energy in which the price paid by the Company for this surplus energy is less than the cost of producing the same amount of energy with fossil fuel; testimony further stated that prices paid for such surplus energy range from approximately one-sixth of its fuel oil replacement value to the full fuel oil replacement value.

Your Committee finds that to legislate a higher price for this power will simply raise the cost to the consumer, to whom the increase will ultimately be passed on; your Committee further finds that this would place an unnecessary financial burden on the consumer, particularly on the Island of Hawaii, where the costs are already the highest in the State.

Your Committee notes that this bill has been amended throughout by deleting the word "private" with reference to persons, suppliers or plants who produce, transmit or furnish power. The purpose of these amendments, requested in the testimonies of the Office of Environmental Quality Control and the Department of Public Works of the City and County of Honolulu, is to broaden the scope of the bill to include resource recovery facilities whose construction is now contemplated by both the City and County of Honolulu and the State, which would extract usable fuel, steam or electricity from solid wastes. According to both the above-mentioned testimonies, qualifying such a facility for the benefits afforded by this bill would indirectly reduce the cost of providing for this costly public facility, while increasing its attractiveness to private investors.

Your Committee on Energy and Transportation is in accord with the intent and purpose of S.B. No. 995, S.D. 2, and recommends that it pass Second Reading and be referred to your Committee on Consumer Protection.

Signed by all members of the Committee.

SCRep. 812 Energy and Transportation on S.B. No. 891

The purpose of this bill is to provide for the increase in the authorization of the Department of Transportation to issue special facility revenue bonds from 15 million dollars to 25 million dollars.

Your Committee concurs with the findings of the Senate Committees on Transportation and Ways and Means in Standing Committee Report Nos. 344 and 465, respectively, that this increase is necessary to provide sufficient revenues to cover the rising costs of construction, acquisition, remodeling, furnishing, and equipping of any special facility.

Your Committee on Energy and Transportation is in accord with the intent and purpose of S.B. No. 891, S.D. 1, and recommends that it pass Second Reading and be referred to your Committee on Finance.

Signed by all members of the Committee.

SCRep. 813 Energy and Transportation on S.B. No. 1407 (Majority)

The growth in general aviation activities at Honolulu International Airport (HIA) has resulted in a dangerous mix of light aircraft with much heavier jet aircraft in an airport environment where traffic levels are approaching the airports runway capacity. This is not a desirable situation from an airport safety standpoint. The "Site Selection Report" prepared by Kentron (the DOT's consultant) concluded that Barber's Point NAS ranked first in air safety among the sixteen (16) sites screened, with Waipio ranked 6th, Kunia B, 9th, Ewa B, 10th, and Kunia A, 12th. Thus, your Committee, mindful of the threat to safety resulting from the present situation at HIA, has amended S.B. No. 1407, S.D. 1 to designate Barber's Point NAS as the site for a general aviation airport.

In addition to air safety, your committee was especially concerned about the land use planning considerations, and in particular the impact on agriculture. Again, of the sixteen (16) possible sites Barber's Point NAS was ranked first. More importantly, Barber's Point NAS, of the top five (5) sites, was the only one that will not require the taking of prime agricultural land.

The Kentron Study in summarizing the Barber's Point NAS site also noted that "with respect to environmental considerations, it ranked very high among all sites, primarily because the added impact of a General Aviation facility would be minimal relative to the impact of existing military operations". The study also noted no probable significant adverse impacts would be expected should a joint use airport become operational at Barber's Point NAS.

Your Committee mindful of the State's existing fiscal constraints finds that the Barber's Point NAS would require approximately \$4,000,000 to develop, whereas the next lowest of the five (5) most appropriate, Waipio Peninsula, would cost about 23/4 times more or about \$11,000,000.

Two other factors weighed heavily in your committee's recommendation of Barber's Point NAS as the site for a general aviation airport. The first was the relief that Barber's Point NAS would provide to HIA. Your committee noted that while the Kentron Study did not rate Barber's Point NAS high in this regard, the Study failed to take into account the possibility and indeed the desirability of providing economic incentives to encourage the use of Barber's Point NAS or for that matter any site other than HIA. Testimony revealed that a nominal 50¢ landing fee is supposed to be levied at HIA, but that in practice no such fee is collected because the costs of collection would exceed the revenues derived. As a result, general aviation pilots are encouraged to utilize HIA since they incur no costs for utilizing the airport runways. Your committee finds that should more reasonable fees be levied at HIA for use of the runways and should these significantly exceed those levied at the proposed general aviation site, there would be a strong incentive for those presently utilizing HIA to move to the new site. As a result, your committee finds that among the five (5) most appropriate sites there would be little if any difference in terms of utilization and relief to HIA should reasonable economic incentives be present.

Capacity and future expansion possibilities of a new general aviation airport were also considered by your committee. While the Kentron Study did not rate Barber's Point NAS high in this regard, the study did not take into consideration the fact that Barber's Point NAS actually has the largest operational capacity, 590,000 annual operations per year, compared to an average capacity of 550,000 per year at the other most appropriate sites.

Your committee in amending S.B. No. 1407, S.D. 2 by designating Barber's Point NAS as the site for a new general aviation airport is well aware that joint civilian-military use is contingent upon reaching an agreement with the Department of the Navy. Such an agreement similar to that enjoyed at HIA and Hickam AFB, would be a cooperative venture in more effectively utilizing presently underutilized military facilities at significant savings to the taxpayer.

Your committee has also amended this bill to provide for the financing of the airport through the redesignation of prior general aviation appropriations. More permanent financing arrangements have also been made by amending this bill to provide for the establishment of a Barber's Point NAS General Aviation Airport Special Fund. Your committee noted that under the present system in which general aviation normally utilizes airports constructed primarily for scheduled air carriers, the additional airport costs generated by general aviation can be met by the present system of airport financing. However, when additional airports specifically for general aviation are desired, your committee finds that the costs for these special facilities should be met by the users. Your committee also noted that this generally accepted system of user charges leads to more realistic assessment of the true demand for general aviation facilities.

Your committee on Energy and Transportation is in accord with the intent and purpose of S.B. No. 1407, S.D. 2, as amended herein and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1407, S.D. 2, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.
(Representatives Abercrombie and Peters did not concur.)

SCRep. 814 Energy and Transportation on S.B. No. 533

The purpose of this bill is to establish legislation for motor-driven bicycles; it defines motor-driven bicycle, redefines motor scooter, establishes minimum age, speed limit, a license requirement, protective devices, and light requirements.

Your committee finds that regulations for motor-driven bicycles are needed to insure

safety and traffic efficiency.

Your committee has amended the definition of the name of the vehicles subject to this bill from "motor-bike" to "motor-driven bicycle".

The definition of motor-driven bicycle has been amended by your committee in keeping with current Hawaii requirements and the Vehicle Equipment Safety Commission from:

"Motor-bike" means a bicycle propelled by a motor of one and one-half horsepower or less, or of a displacement of not more than fifty cubic centimeters, with an automatic transmission and which is not propelled by human power; but excluding motor scooters".

to:

"Motor-driven bicycle" means a motor driven cycle equipped with two or three wheels, foot pedals to permit muscular propulsion, a power source providing up to a maximum of one and one half (1-1/2) brake horsepower having a maximum piston or rotor displacement of 3.05 cubic inches (50 cubic centimeters) if a combustion engine is used which will propel the vehicle, unassisted, at a speed not to exceed thirty-five (35) miles per hour on a level road surface and is equipped with a power drive system that functions directly or automatically only, not requiring clutching or shifting by the operator after the drive system is engaged."

Your committee has amended the definition of bicycles to exclude measurement of the wheels from: "sixteen inches in diameter from the outer tire edge or greater" to read as: "sixteen inches in diameter or greater". Wherever applicable, your committee has amended this bill to conform to the new and redefined definitions and has made stylistic changes for purposes of clarity.

Your committee has also amended the bill to provide that no person shall operate a motor-driven bicycle unless he is 15 years of age or older.

Your committee on Energy and Transportation is in accord with the intent and purpose of S.B. No. 533, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 533, S.D. 1, H.D. 1, and be referred to the Committee on Judiciary.

Signed by all members of the Committee.

SCRep. 815 Energy and Transportation on S.B. No. 247

The purpose of this bill is to provide that the revenues derived from the disposition of abandoned vessels be deposited into the boating special fund.

Currently, although the disposition of abandoned vessels is an activity of the boating program and the expenses of the activity are paid from the boating special fund, the net revenues derived from the activity are paid into the general fund, as provided under Section 267A-7, Hawaii Revised Statutes. Your Committee concurs with the Senate Committees on Transportation and Ways and Means that this is an awkward arrangement.

Your Committee on Energy and Transportation is in accord with the intent and purpose of S.B. No. 247, S.D. 1, and recommends that it pass Second Reading and be referred to your Committee on Finance.

Signed by all members of the Committee.

SCRep. 816 Energy and Transportation on S.B. No. 185

The purpose of this bill is to incorporate energy conservation features into building design and construction standards by January 1, 1978. It also provides for the development and implementation of energy efficient standards and policies in State and County procurement practices by January 1, 1978.

Your Committee received favorable testimony from both government and private sectors and finds that this bill would enhance the conscientious concern for Hawaii's dependence on imported energy and its associated economic impact on the citizens of the State.

Your Committee on Energy and Transportation is in accord with the intent and purpose

of S.B. No. 185, S.D. 2 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 817 Agriculture and Water, Land Use, Development and Hawaiian Homes

The purpose of this bill, as amended, is to establish a program to stimulate and coordinate the development and growth of aquaculture into a major industry in Hawaii.

The bill has been amended to establish within the department of planning and economic development an aquaculture development program to be headed by the director. Also, an Aquaculture Advisory Council is created, with membership not to exceed ten members.

The powers and duties of the director are as follows: plan for a long range aquaculture program; coordinate research and development activities in the State to minimize duplication; conduct feasibility studies on the expansion of aquaculture activities and promote and identify new markets; monitor local, state, national and international achievements and develop a system for information exchange; provide technical assistance and information regarding sources of funds, status of technological advancements and government rules and regulations; monitor and coordinate all aquaculture loan applications; monitor progress of the private sector in the operation of aquaculture farms and provide assistance as necessary; identify and pursue potential sources of financial assistance; provide assistance and advice to other public agencies upon request; and contract for professional services as needed.

The director with the advice of the aquaculture advisory council shall also develop and periodically update an aquaculture plan.

Your Committees on Agriculture and Water, Land Use, Development and Hawaiian Homes are in accord with the intent and purpose of S.B. No. 1209, S.D. 1, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 1209, S.D. 1, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committees.

SCRep. 818 Legislative Management

Informing the House that House Resolution Nos. 555 to 564, House Concurrent Resolution Nos. 105 to 107, and Standing Committee Report Nos. 788 to 817 and 819 to 842, have been printed and distributed.

Signed by all members of the Committee.

SCRep. 819 Higher Education on H.R. No. 351 (Majority)

The purpose of this resolution is to request the University of Hawaii to investigate the possibility of using the Federal Building, located at 335 Merchant Street, Honolulu, Hawaii, to house the law school.

Your Committee received testimony from the Director of Physical Planning of the University of Hawaii at Manoa, an attorney in private practice, and written testimony from the University of Hawaii School of Law Alumni Association.

At present, the University of Hawaii Board of Regents has designated that the law school be constructed above the parking structure on the Manoa campus. The present building program calls for 84,160 square feet of space as the ultimate need with a requirement of about \$6.97 million in capital funds. According to the American Bar Association accreditation team, the permanent law school facilities must be ready by Fall 1980.

Your Committee finds that the old Federal Building in downtown Honolulu, to be vacated upon the completion of a new Federal Building now under construction, would have the advantages of proximity to courts and to governmental centers, proximity to the majority of law offices and major Hawaii businesses, and accessibility to clients involved in the clinical program. The renovation and refurbishing of the old Federal Building which contains 100,000 square feet of space would also have a distinct advantage over the Manoa campus site as far as capital funds are concerned.

Your Committee also finds that studies done by the University of Hawaii in 1975 on various alternative off-campus sites for the law school did not seriously consider the old Federal Building as a viable alternative. The General Services Administration had advised the State of Hawaii at that time that spaces in the building may still be required, in part or whole, to first meet the needs of various federal agencies. However, although the United States Post Office, downtown branch, which occupies some 34,000 square feet of space may remain indefinitely at the old Federal Building, and other federal agencies may be offered spaces, your Committee feels that sufficient space may still be available to amply house the law school classrooms, library and faculty offices, on a long-term space lease to the State of Hawaii.

Your Committee has amended this resolution by expanding the eighth paragraph to request the Board of Regents of the University of Hawaii to investigate the possibility of using the old Federal Building to house the law school, to seek assistance in this regard from Hawaii's congressional delegation, and to submit a report of its findings to the Legislature by October 31, 1977.

Your Committee further amended this resolution to request the Governor to withhold allocation of funds for the construction of the law school above the parking structure on the Manoa campus until the Board of Regents has completed its investigation and reported its findings to the Legislature. Minor technical amendments were also made.

Your Committee on Higher Education concurs with the intent and purpose of H.R. No. 351, as amended herein, and recommends its adoption in the form attached hereto as H.R. No. 351, H.D. 1.

Signed by all members of the Committee except Representative Toguchi.
(Representative Abercrombie did not concur.)

SCRep. 820 Higher Education on H.C.R. No. 49 (Majority)

The purpose of this concurrent resolution is to request the University of Hawaii to investigate the possibility of using the Federal Building, located at 335 Merchant Street, Honolulu, Hawaii, to house the law school.

Your Committee received testimony from the Director of Physical Planning of the University of Hawaii at Manoa, an attorney in private practice, and written testimony from the University of Hawaii School of Law Alumni Association.

At present, the University of Hawaii Board of Regents has designated that the law school be constructed above the parking structure on the Manoa campus. The present building program calls for 84,160 square feet of space as the ultimate need with a requirement of about \$6.97 million in capital funds. According to the American Bar Association accreditation team, the permanent law school facilities must be ready by Fall 1980.

Your Committee finds that the old Federal Building in downtown Honolulu, to be vacated upon the completion of a new Federal Building now under construction, would have the advantages of proximity to courts and to governmental centers, proximity to the majority of law offices and major Hawaii businesses, and accessibility to clients involved in the clinical program. The renovation and refurbishing of the old Federal Building which contains 100,000 square feet of space would also have a distinct advantage over the Manoa campus site as far as capital funds are concerned.

Your Committee also finds that studies done by the University of Hawaii in 1975 on various alternative off-campus sites for the law school did not seriously consider the old Federal Building as a viable alternative. The General Services Administration had advised the State of Hawaii at that time that spaces in the building may still be required, in part or whole, to first meet the needs of various federal agencies. However, although the United States Post Office, downtown branch, which occupies some 34,000 square feet of space may remain indefinitely at the old Federal Building, and other federal agencies may be offered spaces, your Committee feels that sufficient space may still be available to amply house the law school classrooms, library and faculty offices, on a long-term space lease to the State of Hawaii.

Your Committee has amended this concurrent resolution by expanding the eighth paragraph to request the Board of Regents of the University of Hawaii to investigate the possibility of using the old Federal Building to house the law school, to seek assistance in this regard from Hawaii's congressional delegation, and to submit a report of its findings to the Legislature.

Your Committee further amended this concurrent resolution to request the Governor to withhold allocation of funds for the construction of the law school above the parking structure on the Manoa campus until the Board of Regents has completed its investigation and reported its findings to the Legislature. Minor technical amendments were also made.

Your Committee on Higher Education concurs with the intent and purpose of H.C.R. No. 49, as amended herein, and recommends its adoption in the form attached hereto as H.C.R. No. 49, H.D. 1.

Signed by all members of the Committee except Representative Toguchi.
(Representative Abercrombie did not concur.)

SCRep. 821 Culture and the Arts on H.C.R. No. 90

The purpose of this concurrent resolution is to request that a committee study the feasibility of establishing a sports hall of fame for the State of Hawaii. Members of the Committee shall be appointed jointly by the Speaker of the House and the Senate President and shall consist of one member of each legislative body, the comptroller or a designated representative, and individuals and representatives of interested athletic and other organizations.

Your Committee finds that there is no permanent reminder of the athletic heroes of Hawaii whose achievements and accomplishments are an integral part of our history. The educational, historic and cultural value of a Hawaii sports hall of fame would be immeasurable.

Your Committee on Culture and the Arts concurs with the intent and purpose of H.C.R. No. 90 and recommends it be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 822 Water, Land Use, Development and Hawaiian Homes and Agriculture
on H.C.R. No. 91

The purpose of this resolution is to urge the Governor and the Department of Land and Natural Resources to give the College of Tropical Agriculture of the University of Hawaii a 20-year extension on the lease land being used for an Agricultural Experiment Station dealing with diversified agriculture. The current lease expires August 31 of this year.

Your Committees find that the research carried on at the Waimanalo Experiment Station serves a statewide research program on vegetables, papaya, sweet corn, field corn, macadamia nuts, bananas, turf, forestry and other crops. They further find that this station is the closest to the concentration of faculty and students on the Manoa campus and a loss of the station would impair the ability of the College to serve the agricultural industries of the State.

Your Committees find, further, that the station is not only used for research on diversified agricultural crops, but is part of the undergraduate and graduate student training program of the College. It also is utilized by the public school system, approximately 8,000 school children each year visit the station to gain knowledge about the tropical crops of Hawaii and the variety of crops grown in the State.

Your Committees also find that this experiment station is used extensively by the farmers in the Waimanalo area as a source of information and assistance in developing their farming practices.

Your Committees on Water, Land Use Development and Hawaiian Homes, and Agriculture concur with the intent and purpose of H.C.R. No. 91 and recommend that it be referred to the Committee on Higher Education.

Signed by all members of the Committees except Representative Toguchi.

SCRep. 823 Water, Land Use, Development and Hawaiian Homes and Agriculture
on H.R. No. 501

The purpose of this resolution is to urge the Governor and the Department of Land and Natural Resources to give the College of Tropical Agriculture of the University of Hawaii a 20-year extension on the lease land being used for an Agricultural Experiment Station dealing with diversified agriculture. The current lease expires August 31 of this year.

Your Committees find that the research carried on at the Waimanalo Experiment Station serves a statewide research program on vegetables, papaya, sweet corn, field corn, macadamia nuts, bananas, turf, forestry and other crops. They further find that this station is the closest to the concentration of faculty and students on the Manoa campus and a loss of the station would impair the ability of the College to serve the agricultural industries of the State.

Your Committees find, further, that the station is not only used for research on diversified agricultural crops, but is part of the undergraduate and graduate student training program of the College. It also is utilized by the public school system, approximately 8,000 school children each year visit the station to gain knowledge about the tropical crops of Hawaii and the variety of crops grown in the State.

Your Committees also find that this experiment station is used extensively by the farmers in the Waimanalo area as a source of information and assistance in developing their farming practices.

Your Committees on Water, Land Use Development and Hawaiian Homes, and Agriculture concur with the intent and purpose of H.R. No. 501 and recommend that it be referred to the Committee on Higher Education.

Signed by all members of the Committees except Representative Toguchi.

SCRep. 824 Employment Opportunities and Labor Relations on H.C.R. No. 84

The purpose of this concurrent resolution is to request the Hawaii congressional delegation to take whatever action is necessary to prohibit the use of foreign labor on federally funded projects in the south and western Pacific areas unless such qualified personnel are not readily available, first from Hawaii and subsequently from the mainland United States and also to insure that the prevailing wage rate at the point of employee recruitment be adopted as the minimum wage rate applicable to such projects pursuant to the Davis-Bacon Act.

Presently, there is a high rate of unemployment in Hawaii and in the rest of the United States. As a consequence, government resources, in the form of unemployment compensation and other government supported aid, are being severely strained. One measure of relief is increased employment. There are currently federally funded projects being undertaken in the south and western Pacific areas; however, the work is being performed by foreign firms using foreign labor. American firms find it difficult to compete with foreign firms because of cheap foreign labor. The result is that federal funds are used to pay foreign labor which may reduce foreign unemployment but do nothing for the high rate of unemployment in Hawaii and the rest of the United States. Nor does paying foreign labor reduce the strain on the programs supported by federal and state funds.

Use of qualified personnel from Hawaii and the other States in these federally funded projects will not only reduce the high rate of unemployment, but should also reduce the severe strain on the various government supported programs.

Your Committee on Employment Opportunities and Labor Relations concurs with the intent and purpose of H.C.R. No. 84 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 825 Employment Opportunities and Labor Relations on H.C.R. No. 83

The purpose of this resolution is to request the Hawaii congressional delegation to take action which is necessary to have the Wage and Hour Division, United States Department of Labor, accept the State of Hawaii's determinations of prevailing wage rates that must be included within the specifications of contracts for federal projects in Hawaii pursuant to the Davis-Bacon Act.

The State's wage rate schedule under Chapter 104, Hawaii Revised Statutes, Wages

and Hours of Employees on Public Works Law, is compiled and published by the Research and Statistics Office of the State Department of Labor. The basic schedules are issued quarterly with amendments issued whenever necessary. Every public works construction contract in excess of \$2,000 to which a State or county contracting agency is a party must contain these rates in the specifications. This resolution would apply to construction projects which are strictly federally funded. Under present regulations, projects which have dual coverage, i. e., State and federal funds, would require payment of the higher rate.

Your Committee on Employment Opportunities and Labor Relations concurs with the intent and purpose of H.C.R. No. 83 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 826 Employment Opportunities and Labor Relations on H.C.R. No. 89

The purpose of this resolution is to request the Congress of the United States to enact legislation cancelling or forgiving the indebtedness of the states to the Federal Unemployment Account in the Unemployment Compensation Trust Fund for funds advanced to the states for the payment of unemployment compensation benefits.

As of February 15, 1977, there were 22 states including Hawaii which obtained advances from the Federal Unemployment Account to pay unemployment insurance benefits to eligible claimants. The outstanding indebtedness of the 22 states as of February 15, 1977 was \$3.8 billion.

The advances received by the states from the Federal Unemployment Account is made up of monies contributed by all employers covered by the Federal Unemployment Tax Act. All employers in Hawaii covered by the Hawaii Employment Security Law have contributed to this account. The States have had to request these advances from the account because of the present unduly long recession. To require the States to repay the amounts they received will compound their problems, and the problems of the States are certainly the problems of the nation.

Your Committee on Employment Opportunities and Labor Relations concurs with the intent and purpose of H.C.R. 89 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 827 Employment Opportunities and Labor Relations on H.R. No. 381

The purpose of this resolution is to request that the Governor of the State of Hawaii initiate dialogue with the private sector on a staggered work-hour scheme on a voluntary basis and that the Governor coordinate a staggered work-hour scheme among interested persons. The Governor is requested to submit a report to the Legislature on his dialogue with the private sector when significant progress has been made, but no later than the start of the 1978 session.

Your Committee realizes the solution to peak-hour traffic does not lie with further road development, but with other practical, immediate solutions such as staggered work-hours. Your Committee supports the resolution as a positive step towards relieving traffic congestion especially during peak commuter periods.

Your Committee on Employment Opportunities and Labor Relations concurs with the intent and purpose of H.R. No. 381 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 828 Employment Opportunities and Labor Relations on H.R. No. 234

The purpose of this resolution is to request the Congress of the United States to enact legislation cancelling or forgiving the indebtedness of the states to the Federal Unemployment Account in the Unemployment Compensation Trust Fund for funds advanced to the states for the payment of unemployment compensation benefits.

As of February 15, 1977, there were 22 states including Hawaii which obtained advances from the Federal Unemployment Account to pay unemployment insurance benefits to eligible

claimants. The outstanding indebtedness of the 22 states as of February 15, 1977 was \$3.8 billion.

The advances received by the states from the Federal Unemployment Account is made up of monies contributed by all employers covered by the Federal Unemployment Tax Act. All employers in Hawaii covered by the Hawaii Employment Security Law have contributed to this account. The States have had to request these advances from the account because of the present unduly long recession. To require the States to repay the amounts they received will compound their problems, and the problems of the States are certainly the problems of the nation.

Your Committee on Employment Opportunities and Labor Relations concurs with the intent and purpose of H.R. No. 234 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 829 Energy and Transportation on H.R. No. 187

The purpose of this resolution is to hasten the establishment of a bypass route around Haleiwa town and to insure public input in the planning thereof.

The Department of Transportation testified before your committee in support of a bypass that would relieve traffic congestion through Haleiwa and that would facilitate access to emergency vehicles in times of natural disaster.

Your Committee on Energy and Transportation concurs with the intent and purpose of H.R. No. 187 and recommends its adoption.

Signed by all members of the Committee except Representative Stanley.

SCRep. 830 Energy and Transportation on H.R. No. 245

The purpose of this resolution is to expedite the widening, realignment, and improvements of Fort Weaver Road as mandated by Act 197 of the Regular Session of 1971, Act 218 of the Regular Session of 1973, Act 218 of the Regular Session of 1974, and Act 195 of the Regular Session of 1975.

The Department of Transportation testified in favor of this resolution and agreed that the existing two-lane highway is inadequate for present traffic demand and that improvements must be implemented to increase capacity and reduce the accident rate.

Your Committee on Energy and Transportation concurs with the intent and purpose of H.R. No. 245 and recommends its adoption.

Signed by all members of the Committee except Representative Stanley.

SCRep. 831 Energy and Transportation on H.R. No. 258

The purpose of this resolution is to have the Department of Transportation plan and construct turnoff lanes at the intersection at Papaikou, Hawaii, and to promote the safety and convenience of the people of the Big Island.

Your Committee finds that because of the high speed of movement on the Mamalahoa Highway, present conditions at the Papaikou intersection are extremely hazardous.

Your Committee on Energy and Transportation concurs with the intent and purpose of H.R. No. 258 and recommends its adoption.

Signed by all members of the Committee except Representative Stanley.

SCRep. 832 Energy and Transportation on H.R. No. 217

The purpose of this resolution is to have the Department of Transportation, in conjunction with the Department of Planning and Economic Development, conduct a feasibility study on the implementation in Hawaii of a telecommunications system, a means by which government and private industry could establish decentralized work sites and conserve

energy by substituting telecommunications for transportation while providing jobs.

Testimony before your committee confirms the present use of telecommunications through the communication satellite, computer information processing, communication terminals and high capacity fiber guide cables. These systems are presently in use in Hawaii by the airline and hotel industries, the news media, government sectors, Hawaiian Telephone and others. Nationally, telecommunications has been further expanded to include the use of video and computer conferencing. Telecommunications, properly utilized, could provide alternatives to increasing traffic problems, population distribution, and development of job opportunities in rural communities.

Your committee received testimony emphasizing the possibility that the decentralized, high capacity, and increasingly low cost telecommunication technology may decentralize work sites thereby relieving traffic. Telecommunications already takes the place of transportation to a certain extent as many business calls are made by telephone instead of in person. Recent studies in other parts of the United States of America, Canada, and London have indicated that the impact on commuter traffic can be substantial, particularly at rush hours.

The director of the Department of Transportation testified that the Department of Transportation has the necessary funds, the capability, and the willingness to conduct this study within the scope of its present overall work plan. The Department of Transportation's desire to undertake the suggested study was brought up during the hearing and your committee has accordingly amended the resolution as follows:

"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 Transportation, in cooperation with the Department of Planning and Economic Development, is requested to study the feasibility of implementing a telecommunications system in the State of Hawaii and submit a report of its findings and recommendations to the Legislature at least twenty days prior to the convening of the Regular Session of 1978; and

BE IT FURTHER RESOLVED that a certified copy of this Resolution be transmitted to the director of the Department of Planning and Economic Development and the director of the Department of Transportation."

Your Committee on Energy and Transportation concurs with the intent and purpose of H.R. No. 217, as amended herein, and recommends its adoption in the form attached hereto as H.R. No. 217, H.D. 1.

Signed by all members of the Committee.

SCRep. 833 Energy and Transportation on H.R. No. 188

The purpose of this resolution is to have the Department of Transportation study the safety and traffic efficiency of the 11.1 mile section of Kamehameha Highway between Kipapa Street and the Waialua-Helemano Junction with particular emphasis on the widening of the whole or any portion of this section.

In consideration of the high number of accidents, injuries, and fatalities that have occurred on this stretch of Kamehameha Highway, your committee finds that there is need for safety and traffic efficiency improvements.

Your Committee on Energy and Transportation concurs with the intent and purpose of H.R. No. 188 and recommends its adoption.

Signed by all members of the Committee except Representative Stanley.

SCRep. 834 Energy and Transportation on H.R. No. 326

The purpose of this resolution is to implement an express bus service system for the Windward Oahu to Pearl Harbor/Hickam route which shall:

- 1) Make designated stops, pickups, and dropoffs in Waimanalo, Kailua, and Kaneohe, and
- 2) Run during the start and end of the federal work day, to accommodate the commuters of Windward Oahu.

Your committee finds that many of the approximately five thousand civil service employees at the Pearl Harbor Naval Shipyard reside in the Windward area and would benefit by the implementation of an express bus service system.

The Department of Transportation testified before your committee in full support of this resolution which would expand the Oahu express bus system.

Your Committee on Energy and Transportation concurs with the intent and purpose of H.R. No. 326 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 835 Energy and Transportation on H.C.R. No. 52

The purpose of this concurrent resolution is to expedite the implementation and expansion of express bus services for the residents of the Leeward-Central Oahu area to the Honolulu Central Business District.

Your committee finds that there is a disproportionate number of express buses servicing the growing Leeward-Central Oahu area in comparison to the extensive express bus service provided to the Hawaii-Kai area in consideration of 1974 census figures which show the population of the Leeward-Central Oahu to be seven (7) times that of the Hawaii-Kai population.

The Department of Transportation testified before your committee in full support of this concurrent resolution to expand the Oahu express bus system.

Your Committee on Energy and Transportation concurs with the intent and purpose of H.C.R. No. 52 and recommends its adoption.

Signed by all members of the Committee except Representative Stanley.

SCRep. 836 Energy and Transportation on H.R. No. 353

The purpose of this resolution is to expedite the implementation and expansion of express bus services for the residents of the Leeward-Central Oahu area to the Honolulu Central Business District.

Your committee finds that there is a disproportionate number of express buses servicing the growing Leeward-Central Oahu area in comparison to the extensive express bus service provided to the Hawaii-Kai area in consideration of 1974 census figures which show the population of the Leeward-Central Oahu to be seven (7) times that of the Hawaii-Kai population.

The Department of Transportation testified before your committee in full support of this resolution to expand the Oahu express bus system.

Your Committee on Energy and Transportation concurs with the intent and purpose of H.R. No. 353 and recommends its adoption.

Signed by all members of the Committee except Representative Stanley.

SCRep. 837 Finance on S.B. No. 982

The purpose of this bill is to authorize certain counties to adopt rules governing procurement and purchases.

This bill add provisions to HRS chapter 46 to allow the director of finance of a county that does not have centralized purchasing provisions in its charter to adopt rules governing the procurement and purchase of materials, supplies, equipment, and services, subject to the requirements of HRS chapter 103 which relates generally to the expenditure of public money and public contracts.

The companion measure, House Bill No. 1291, was heard by your Committee on March 11, 1977.

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 982

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

Signed by all members of the Committee.

SCRep. 838 Energy and Transportation on S.B. No. 244 (Majority)

The purpose of this bill is to amend Section 286-81, Hawaii Revised Statutes, to exclude (1) the requirement of wearing a safety helmet in the operation of a motorcycle or motor scooter on any State highway; and (2) the necessity of furnishing a safety helmet concurrently with the sale, rental or lease of a motorcycle or motor scooter.

Under present law, all riders and passengers must wear (A) a safety helmet securely fastened with a chin strap; (B) safety glasses, goggles, or a face shield, in the case of a motorcycle or motor scooter that is not equipped with windscreens or windshields; and (C) any other protective devices required by rules and regulations adopted by the state highway safety coordinator. Also, under present law, no person may sell, lease, or rent a motorcycle or motor scooter to another person unless he furnishes the equipment named above.

Your Committee finds that, while safety is an unarguable concern, equipment alone does not ensure freedom from accidents or injury. Riders must be aware of possible hazards involving vehicle condition, traffic patterns, weather conditions, and individual skills. Each person must exercise caution and critical judgment in assessing his or her ability to operate a motorcycle or motor scooter.

Your Committee amended this bill to eliminate the requirement that a person leasing or renting a motorcycle or motor scooter, furnish a safety helmet.

The language of this bill is amended to clarify the intent that no person under 18 years of age shall travel on a motorcycle or motor scooter on any highway in the state unless he wears a safety helmet.

Your Committee further finds that the primary objective of the safety helmet is to prevent injuries, not to promote safety. Testimony given by motorcyclists revealed that the safety helmet did little to promote the safe operation of motorcycles.

Your Committee on Energy and Transportation is in accord with the intent and purpose of S.B. No. 244, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 244, S.D. 1, H.D. 1, and be placed on the calendar for Third Reading.

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

SCRep. 839 Energy and Transportation on S.B. No. 485

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.

Testimony given by the State Highway Safety Coordinator revealed that there is no provision in the Hawaii Revised Statutes for the regulation of reconstructed, rebuilt or modified vehicles. Under existing laws, each county regulates reconstructed vehicles through county ordinances and regulations. The various county ordinances and regulations do not have standard or uniform provisions. As a result, an owner of a reconstructed vehicle who moves his vehicle between counties may be subjected to the hazards of violation of the varying county ordinances or regulations. Moreover, reconstructed vehicles are not identified in the vehicle registration records. Consequently, there is no way to determine which vehicles have been reconstructed or how many reconstructed vehicles have been registered.

The Honolulu Police Department recommended passage with an amendment changing "Legislative body" to read "Chief Executive Officer" on page 2, line 13 of the bill. Your Committee adopted the recommendation of the Honolulu Police Department and has amended the bill accordingly.

Your Committee has also amended this bill by deleting the last phrase of section 1

"provided this definition shall not include the repair and maintenance of vehicles through the use of original equipment replacement parts".

Your Committee on Energy and Transportation is in accord with the intent and purpose of S.B. No. 485, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as .S.B No. 485, S.D. 1, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 840 Health on S.B. No. 462

The purpose of this bill is to amend Section 326-26, Hawaii Revised Statutes, by adding a new section declaring that it is "the policy of the State that the patient residents of Kalaupapa shall be guaranteed a level of health care and other services to which they are accustomed for the remainder of their lives. Furthermore, it is the policy of the State that any patient resident of Kalaupapa desiring to remain at the Settlement shall be permitted to do so for as long as he may choose, regardless of whether or not he has been successfully treated."

Your Committee finds that for many patients at Kalaupapa, the Molokai peninsula has become their true home. Your Committee is in sympathy with the wishes of these people to remain residents of Kalaupapa for as long as they so desire.

Your Committee has amended this bill in order to correct a typographical error on page 2, line 22, which resulted in an extra word "lives" at the beginning of that line.

Your Committee on Health is in accord with the intent and purpose of S.B. No. 462, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 462, S.D. 1, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 841 Culture and the Arts on S.B. No. 1049

The purpose of this bill is to amend Chapter 6 of the Hawaii Revised Statutes by adding a new section to provide that the Foundation will receive regular reports from all agencies receiving State funds for certain multicultural program projects.

Your Committee on Culture and the Arts is in accord with the intent and purpose of S.B. No. 1049, S.D. 1 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 842 Judiciary on S.B. No. 1308

The purpose of this bill is to provide a mechanism for citizen input into governmental activities with regard to crime, through systematic and thoughtful development of new programs and review of ongoing programs, investigation, public education, and legislative recommendation functions.

Your Committee finds that crime adversely affects every person in the State, and that all steps necessary to prevent crime should be taken. Your Committee feels that one preventive measure is to secure public input into determining the ways in which crime can be controlled. The establishment of a crime commission, therefore, for such purpose, is appropriate to the ultimate goal of controlling crime.

A summary of the bill is as follows:

The Hawaii Crime Commission will be established within the Office of the Lieutenant Governor for administrative purposes. The Lieutenant Governor, as chairman and executive director of the commission, shall appoint 11 members to serve on the commission.

An executive committee of the commission, consisting of two persons elected from the commission and the chairman of the commission, shall develop and identify general

areas for commission study and review, and generally direct the activities of the commission. The duties of the commission are:

1. Develop, recommend, and where appropriate, implement programs of public education to provide defensive living education to the public;
2. Review and make recommendations regarding existing programs, agencies, and other projects relating to crime;
3. Review and make recommendations regarding existing substantive laws, procedures, and practices relating to criminal matters or procedures and the justice system;
4. Study, develop, and make recommendations for facilitating the reduction and prevention of destruction of public property, school violence, business, other white collar crimes, and criminal activity;
5. Study, develop, and make recommendations for the protection of the individual, community, and the State from crime or criminal influence.

Your Committee amended the bill to shorten the life span of the commission from three years to eighteen months. Your Committee feels that eighteen months is sufficient time for the commission to accomplish its purpose. In accordance with this amendment, your Committee further amended the bill by reducing the sum appropriated out of the general revenues from \$150,000 to \$75,000.

Your Committee also amended the bill by changing the wording to remove the broad scope of Sec. -5(b)(11). The changes reflect your Committee's intention to have Sec. -5(b)(11) authorize the use of the subpoena power in the performance of the commission's function.

Your Committee further amended this bill by amending Sec. -5(b)(10) to have the commission report to the Legislature prior to the convening of the 1978 Legislative session, on its activities of the preceding year and on its program of action for the 1978 year.

Your Committee feels that the functions of the commission should be limited in scope in order for the commission to be effective. Thus your Committee narrowed the scope of the commission's functions. In accordance with this intent, the bill was amended.

Finally, your Committee amended the bill by renumbering the sections for purposes of conformity.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 1308, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1308, S.D. 2, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives
Baker, Naito and Uechi.

SCRep. 843 Agriculture on S.B. No. 1100

The purpose of this bill is to amend sections 246-10 and 246-12, Hawaii Revised Statutes, relating to real property taxation, by eliminating the roll-back or deferred tax which is due when land in the agricultural land use district which has been taxed at its agricultural use value is reclassified to the urban or rural district. The bill also provides a two or three year "grace" period during which a landowner or lessee whose land has been reclassified from the agricultural to the urban or rural districts may continue to have his land taxed at its agricultural use value so long as the land continues to be used for agricultural purposes and the landowner diligently pursues the procedures prescribed by the counties which are necessary before the land may be put to a use other than agriculture.

Your Committee has reviewed Act 175, S.L.H. 1973 which established the present deferred tax program and your Committee finds that the intent of Section 246-10 is to have the tax director consider several factors in determining the appropriate classification for tax purposes. Among the factors the tax director is required to consider are the uses permitted by the general plan of the State when it is completed, the districting established by a county in its general plan and zoning ordinances, the districting established by the land use commission pursuant to chapter 205, and such other factors which influence

highest and best use.

By virtue of Act 175, S.L.H. 1973, lands situated in a land use district classified agriculture by the State Land Use Commission and actively being used for agriculture are assessed and taxed according to their actual agricultural use values. The Act also imposes a deferred or roll back tax where the Commission changes the land use classification to an urban or rural use district upon petition by a property owner or lessee. The penalty is imposed upon all lands situated within the boundaries of the land use change and is therefore imposed also upon owners who may not have petitioned for such land use change. The deferred tax is equal to the difference in the taxes between what the land would have been assessed in the higher use and the tax at which the land was actually assessed. The deferred tax is imposed notwithstanding the fact the owner may still continue to use the land for the same agricultural use and, further, notwithstanding the fact the owner is not able to use the land for urban purposes because all of the requirements prescribed by governmental agencies, such as county zoning designations, have not been met in spite of the diligent efforts of the owner.

Oftentimes, an application to rezone lands may take years before final approval is granted and the delay in many instances is not the cause of the owner but may be attributed to administrative delays caused by government. In the meantime, the land is being assessed at its higher urban use value even if the owner continues to put the land in an agricultural use. This bill alleviates this inequity by permitting land in an agricultural use district to be assessed and taxed at its agricultural use value.

Your Committee has amended this bill to provide that when the agricultural classification is changed to an urban or rural use classification, the land will continue to be assessed and taxed in its agricultural use for a period of three years. However, if the owner is able to put the land to the higher urban or rural use prior to the expiration of the three year period, the agricultural assessment will terminate at the end of the year in which the land is put to such higher use. This amendment, therefore, will defer the assessment at the higher urban or rural use value for a maximum period of three years from the time the land use classification has been changed from agricultural to urban.

Your Committee has further amended this bill by retaining the deferred or roll-back tax but by revising the application of the tax resulting from a change in land use classification. No deferred taxes will be imposed where the change in classification is the result of a petition initiated by a governmental agency or where the owner or lessee is not the party who petitioned for a change. The deferred tax will apply only upon lands owned by an owner or lessee who has petitioned for the change. The tax is to be computed retroactively from the termination of the three year period following the change in classification to the time the special agricultural assessment had begun but the total retroactive period is not to exceed ten years. However, if the owner puts his land to a higher urban or rural use during this three year "grace" period, the retroactive period shall commence at the end of the year in which the land has been put to the higher use.

Your Committee believes this amendment will alleviate some inequities in the imposition of the roll-back or deferred tax. However, your Committee believes that the roll-back or deferred tax is an effective means to encourage the productive use of agricultural lands and, therefore, should not be eliminated.

Your Committee has retained the proviso that the owner may escape the imposition of the deferred tax after the change in land use classification is made if he dedicates his land to an agricultural use within three years of the change in classification.

Section 246-12, the dedication law, has also been amended to make it clear that a change in land use classification does not constitute a breach of the dedication as a result of which the deferred tax would be made to apply.

Your Committee on Agriculture is in accord with the intent and purpose of S.B. No. 1100, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1100, S.D. 1, H.D. 1 and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 844 Legislative Management

Informing the House that House Resolution Nos. 565 to 576, House Concurrent Resolution Nos. 108 to 110, and Standing Committee Report Nos. 845 to 886, have been printed and distributed.

Signed by all members of the Committee.

SCRep. 845 Water, Land Use, Development and Hawaii Homes on H.R. No. 493

The purpose of this resolution is to request the Hawaii Foundation for History and the Humanities to review and evaluate the Haina, Amaulu, and Ninole plantation communities located on the Big Island of Hawaii for historic preservation value and for listing on the Hawaii register of historic places.

Also, that the Hawaii Foundation for History and the Humanities seek and determine what federal funds are available for the preservation of these plantations.

The preservation and restoration of these plantation communities could depict plantation life as our immigrant forebearers knew it and the preservation of whole plantation camps with displays of mills, living quarters, wash houses, and community baths will bring to life those structures and facilities which were the center of plantation community life.

Your Committee feels the preservation of these plantation communities would provide residents as well as visitors to Hawaii opportunities to view this important element of Hawaiian history.

The resolution has been amended by requesting the report to be submitted 20 days prior to the convening of the Regular Session of 1978.

Your Committee on Water, Land Use, Development and Hawaiian Homes concurs with the intent and purpose of H.R. No. 493, as amended herein, and recommends that it be referred to the Committee on Culture and the Arts in the form attached hereto as H.R. No. 493, H.D. 1.

Signed by all members of the Committee.

SCRep. 846 Finance on S.B. No. 3

The purpose of this bill is to appropriate funds for the financing of capital improvement projects for the 1977-79 fiscal biennium and to authorize the issuance of bonds.

Your Committee believes that the public improvements provided for in this bill are essential to the complete and comprehensive implementation of State programs. We have, therefore, recommended the continuance of substantial commitments to projects which contribute to the educational, health, transportation, and economic development goals of the State.

Your Committee also believes that the authorizations in this bill can be used to partially offset the decline in private construction. At the same time, your Committee is mindful that government construction activity cannot be expected to remain at a very high level indefinitely. Continuous heavy external borrowing is not a prudent financial policy to follow. However, the idea of counter-cyclical government construction activities should not be abandoned altogether. Your Committee expects that the authorizations provided in this bill will be utilized as a stabilizing force to partially counteract private construction fluctuations and thereby benefit the entire economy of the State.

Your Committee is also aware that over the years, the legislature has voted a vast array of capital projects and authorized a large volume of bonds to finance them with almost no prioritizing of the many projects. Given the more than a billion dollars worth of projects already on the books, regardless of what the legislature does in any one year, the executive has the authority to spend as much or as little as it wants to. The concern which distresses your Committee is that the executive can virtually pick and choose not only the specific projects it wants to implement, but it can make its own determination as to what the total volume of capital projects will be at any one time.

In the opinion of your Committee, the only way the legislature will be able to regain

some control over the capital budget is to reduce the authorized but unissued debt to a realistic level and then pursue a policy of limiting the issuance of bonds to an amount which will result in a reasonable ratio of debt service costs to general fund revenues. Your Committee has taken steps in this direction by recommending lapsing of unrequired bond authorizations. The House of Representatives has approved such a recommendation and the proposal is now awaiting action in the Senate.

Your Committee has amended the bill by restoring some of the budget cuts proposed by the Senate, including funds for the University's Athletic and Oceanography facilities. The funds provided for athletic facilities will include two gym complexes with locker-shower facilities, a multi-purpose lecture room, two studios for wrestling and martial arts, training facilities, and other support areas. If not funded, the physical education, intramurals and athletic programs will have to continue to use facilities which are considered the worst of all university campuses this size in the United States.

With respect to the Oceanography facilities, your Committee is aware that Oceanography is one of the areas that the University is striving for excellence. Your Committee is cognizant of the benefits to be gained in this field and has therefore restored full funding to enable the University to proceed with the construction phase.

With some amendments to the individual projects, your Committee accepts the funding levels proposed in Part III. In this part of the bill, your Committee has focused on the functional needs of local government. This concern is evidenced by numerous grants-in-aid appropriations to the counties. We view these grants-in-aid as a means of ensuring our residents throughout the State equal access to adequate public facilities.

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

Signed by all members of the Committee.

SCRep. 847 Water, Land Use, Development and Hawaiian Homes on S.B. No. 1369

The purpose of this bill, as amended, is to correct the inequities in sewer assessment on the island of Kauai because of older subdivisions referred to as "subsistence farmlots" consisting of one and one-half acres, minimum lot size.

With this provision in the law, the residents on these lots with one single residence have been assessed an excessively high amount to service one resident. This provision will give the counties the flexibility to charge sewer assessment in accordance with service rendered instead of charges based on square footage of the lot.

Your Committee on Water, Land Use, Development and Hawaiian Homes is in accord with the intent and purpose of S.B. No. 1369, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1369, S.D. 2, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 848 Health on S.B. No. 122

The purpose of this Bill is to permit marriage license agents to issue marriage licenses at State facilities.

Testimony presented by the Department of Health indicated that the passage of this Bill would better facilitate operations by reducing waiting time and permit agents to issue licences at District Health Offices and other State facilities.

Your Committee has amended this Bill to delete the phrase ". . . in the district of Honolulu" on page 2, line 3.

Your Committee on Health is in accord with the intent and purpose of S.B. No. 122, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 122, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 849 Corrections and Rehabilitation on H.R. No. 473

The purpose of this resolution is to study and review the availability, need and adequacy of correctional programs for women including, but not limited to work, leisure time, furlough, work-release, and in-facility programs and to study the feasibility of establishing an honor camp for women.

Historically, female inmates of the correctional institutions in Hawaii have been substantially deprived of a variety of programs and services available to male inmates. Your Committee heard testimony prepared by the women inmates at Halawa Correctional Facility indicating that the deprivation is a continuing one. Furthermore, the Department of Social Services and Housing testified that the allocation of funds was substantially less for female inmates than for their male counterparts. The most consistently used rationale for this disparity has been that the target population of female offenders was too small in number to justify the kinds of services afforded male offenders. This rationale, however, no longer holds true when we look at neighbor island correctional facilities which are fully funded but which house a target population even smaller than the current female population of twenty.

Furthermore, your Committee heard testimony that the female inmates currently housed at the Halawa Correctional Facility will be transferred to the newly refurbished Maluhia Cottage located on the site of the Hawaii Youth Correctional Facility on March 31, 1977 and that new social, educational and vocational programs are envisioned there in the near future. Therefore, your Committee feels strongly that these programs, not yet operational, be scrutinized for their effectiveness prior to the convening of the 1978 Legislative Session.

Your Committee on Corrections and Rehabilitation concurs with the intent and purpose of H.R. No. 473 and recommends that it be referred to the Committee on Legislative Management.

Signed by all members of the Committee.

SCRep. 850 Corrections and Rehabilitation on H.R. No. 471

The purpose of this resolution is to study and review the progress and direction of the Juvenile Justice Master Plan.

Your Committee heard testimony that the Juvenile Justice Master Plan has been in the development stage for four years and, though presented to the Eighth Legislature, it was not adopted. The current status of the plan was described as being "in a state of limbo." Further testimony relating to the Juvenile Justice Coordinating Council indicated that although its members have been appointed, only two meetings have been held and no direction has been forthcoming. Testimony strongly suggested that legislative input and direction is required to move the Juvenile Justice Master Plan into a functioning system which can begin to address the fragmentation and serious problems of juvenile corrections in this State and that the interim study called for in this resolution will result in concrete recommendations for direction and substance.

Your Committee adopted the recommendation of the Department of Social Services and Housing and that of the John Howard Association to include the police, the Family Court, and the private social service sector in the cooperative effort to find solutions to these problems.

Therefore, your Committee has amended the first "BE IT RESOLVED" clause by adding the police, the Family Court and the private social service sector to the groups already included.

Your Committee on Corrections and Rehabilitation concurs with the intent and purpose of H.R. No. 471, as amended herein, and recommends it be referred to the Committee on Legislative Management in the form attached hereto as H.R. No. 471, H.D. 1.

Signed by all members of the Committee.

SCRep. 851 Water, Land Use, Development and Hawaiian Homes on H.R. No. 207

The purpose of this resolution is to request the department of land and natural resources to give the greatest priority to pending projects designed to maintain and clean up the

Ala Wai canal, and to ameliorate present conditions as soon as possible.

The Ala Wai canal was constructed in the early 1900's to protect the planned developments in Waikiki from flood damage. Over the years silt and debris has been carried into the canal by the Palolo and Manoa Streams, thereby creating a hazardous condition. Compounding the problem is the attitude of many residents using the canal and its banks as a dumping ground and animal relief run.

Items such as animal carcasses, various parts of automobiles, mattresses and push carts are but a few of the discarded objects that are uncovered during low tides. Your Committee feels this unsightly and malodorous condition should be eliminated for the benefit of Hawaii and its visitors.

Your Committee on Water, Land Use, Development and Hawaiian Homes concurs with the intent and purpose of H.R. No. 207 and recommends it be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 852 Public Employment and Government Operations on H.R. No. 155

The purpose of this resolution is to request the House Committee on Public Employment and Government Operations to review the studies and recommendations of the Government Organization Commission, provide for agency input from all branches and levels of government, as well as the public, and recommend appropriate action to the Legislature and the Constitutional Convention.

In 1975, the Legislature established a Government Organization Commission to recommend to the Governor and the Legislature organizational and functional realignments between state and county agencies and among state departments and agencies, as well as the means of financing such services, functions and programs. To accomplish this end, the Commission set out to define and limit administrative responsibilities between state and local agencies, to evaluate and shape recommendations for the executive branch, and to examine the need for limitation of expenditures to an amount appropriate for effective performance of essential services, activities and functions.

The recommendations of the Commission have been submitted to the Ninth State Legislature. The recommendations cover a variety of areas which require legislative action or constitutional amendments. Such areas include reallocation of certain state and county functions, and structural and procedural organization of the executive branch.

Your Committee finds that the Government Organization Commission's report represents the first major undertaking since statehood to review the functions of government and identify overlapping or duplicated services and activities for the purpose of seeking more efficient and effective governmental operations.

Your Committee feels that careful study of the Government Organization Commission's report will provide an opportunity for closer examination of the feasibility of the recommendations presented by the Commission, as well as allow for citizen and public agency reaction.

Your Committee on Public Employment and Government Operations concurs with the intent and purpose of H.R. No. 155 and recommends that it be referred to the Committee on Legislative Management.

Signed by all members of the Committee.

SCRep. 853 State General Planning on S.B. No. 1226

The purpose of this bill is to reduce the red tape and time delays in processing applications for land development projects.

Testimony by the Department of Land and Natural Resources was in support of this bill. Testimony by the County of Hawaii administration was also in support of the bill's objectives, but was concerned as to the section on "non-significant zoning changes" in S.B. No. 1226, S.D. 2. Hawaii County felt that it was possible for a series of one-acre "nonsignificant" zone change requests to be approved for a fifty-acre parcel, which could result in the net effect of the administrative rezoning of a large parcel of land.

The City and County of Honolulu also opposed this section because it believes that one acre of land on Oahu is not insignificant and should not be so easily rezoned by an administrator. The County of Kauai testified that instead of defining "nonsignificant changes" in the bill, the counties should have the authority to define such changes themselves.

Kauai County also testified that the time period for compliance was too short. However, Hawaii County and the City and County of Honolulu felt that the amount of time allowed was adequate. The Construction Industry Legislative Organization (CILO) pointed out that the counties already have most of the necessary information and can start implementation before September 1, 1977, so they will have at least six months to comply.

CILO suggested, however, that the bill be amended to require the central coordinating agency to maintain a current file on all applications relating to land use for both the state and county. Furthermore, CILO suggested that the central agency endeavor to schedule and coordinate, as much as possible, any referrals, public informational meetings, or any public hearings with those held by other federal, state, or county commissions or agencies.

Upon further consideration, your Committee has made the following amendments to S.B. No. 1226, S.D. 2:

(1) Section 1, paragraph 2, page 1 is amended so that the word "county" has been deleted and "system" has been changed to "systems". This amendment would not limit the coordination of land use and planning control systems only to county agencies, but would also allow the coordinated processing of permits with state and federal permits whenever possible.

(2) Section 2, subparagraph (3), page 2 has been added. This would mandate the central coordinating agency of each county to maintain an updated master file of all state and county applications relating to land use with respect to the appropriate county so that there will be a central place within each county with information on projects which are in various phases of processing.

(3) Section 2, subparagraph (4), page 2-3 has been added to provide for the holding of joint, intergovernmental hearings upon request of the applicant. This provision has been added to further avoid duplication and time delays in gaining development approval.

(4) Section 3, subparagraph (4), page 3 has been amended to delete "shall" in line 23 and substitute "may". This amendment would allow, but not mandate, the counties to provide for nonsignificant changes of zoning designations to be made administratively.

(5) Section 3, page 4 has been changed to: "provided that 'nonsignificant changes' shall mean a zoning change which does not result in an increase or decrease in any zoning designation affecting more than 5% or one acre of any parcel of property, whichever is less . . ." This amendment would limit the amount of land which may be administratively rezoned.

Your Committee on State General Planning is in accord with the intent and purpose of S.B. No. 1226, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1226, S.D. 2, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Say, Takamura and Peters.

SCRep. 854 Public Employment and Government Operations on S.B. No. 416

The purpose of this bill is to amend Chapter 46, Hawaii Revised Statutes, by adding a new section to allow county councils to appoint and employ personnel as necessary, and to prescribe their powers, duties and compensation.

Your Committee finds, that presently, it is questionable whether county legislative bodies, other than the City Council of Honolulu, have the statutory authority to appoint and employ exempt personnel. Section 62-53, Hawaii Revised Statutes, provides that the chairman and executive officer of the county board of supervisors shall appoint all officers and employees of the county whose election or appointment is not otherwise

specially provided for by law; Section 76-77, Hawaii Revised Statutes, relating to civil service for the counties of Hawaii, Kauai and Maui, provides for the exemption from civil service, of positions in the office of the chairman of the board of supervisors. These provisions however, do not reflect the changes made in the organizational structure of county governments brought about by the several county charters. From their previously monolithic structures, county governments have been restructured into two separate branches: the legislative branch consisting of the county council, and an executive branch headed by the Mayor. Thus, it is a matter of interpretation whether the existing Statutes confer to the Mayor as the executive officer, or to the chairman of the county legislative body, the authority to appoint exempt personnel.

H.B. No. 1353 which passed Third Reading in the House of Representatives, amends the provisions of the civil service law specifically applicable to the counties of Hawaii, Kauai and Maui to conform to the present structure of county governments. It recognizes the separation of the executive and legislative branches by substituting the terms "council" for "board of supervisors" and "mayor" for "chairman of the board of supervisors" wherever they occur. Senate Bill 416 would serve to clarify further, the separation of executive and legislative powers, and extend to the legislative branch, the clear authority to employ exempt personnel as it deems necessary.

Your Committee has amended the bill to amend Section 46-32 Employees of council, rather than create a new section in Chapter 46. In doing so, we have amended Section 46-32 by deleting the provision allowing the legislative body of counties with a population of 100,000 or more to appoint and fix the salaries of six additional exempt employees. If enacted, the broader provisions of this bill which have general application to all counties, would supersede the existing statute.

Your Committee on Public Employment and Government Operations is in accord with the intent and purpose of S.B. No. 416, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 416, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 855 Ecology and Environmental Protection and Water, Land Use, Development and Hawaiian Homes on S.B. No. 1202

The purpose of this bill is to qualify the State of Hawaii to participate in the benefits of Public Law 93-205 (Endangered Species Act of 1973) by amending various sections of Chapter 195D of the Hawaii Revised Statutes (H.R.S.).

Your Committees find that S.B. No. 1202 adopts amendments to Chapter 195D, H.R.S. proposed by the Division of Forestry of the Department of Land and Natural Resources (DLNR).

Your Committees further find that the Division of Forestry has withdrawn its support for its proposed amendments and now supports the amendments to Chapter 195D proposed by the Division of Fish and Game of the DLNR.

The amendments to Chapter 195D, H.R.S. proposed by the Division of Fish and Game were incorporated into H.B. 220, H.D. 1. Your Committees have, therefore, amended S.B. 1202 to concur with H.B. 220, H.D. 1. These amendments to S.B. No. 1202 are:

1. Section 195D-2, on page 1, line 4, the proper spelling of taxa is included.
2. Section 195D-3, on page 2, lines 10 and 21, the words "or plants" are retained.
3. Section 195D-3, on page 2, lines 13-17, the proposed subsection d is deleted.
4. Section 195D-4, on page 3, lines 9-23, the proposed language is deleted.
5. Section 195D-5, page 4, line 23 and page 5, line 17, technical corrections necessitated by drafting defects.

Your Committees on Ecology and Environmental Protection and Water, Land Use Development, and Hawaiian Homes are in accord with the intent and purpose of S.B. No. 1202 as amended herein and recommend that it pass Second Reading in the form attached hereto as S.B. No. 1202, H.D. 1 and be placed on the calendar for Third Reading.

Signed by all members of the Committees except Representatives Garcia, Morioka, Toguchi and Fong.

SCRep. 856 Ecology and Environmental Protection on S.B. No. 577

The purpose of this bill is to amend Chapter 291 of the Hawaii Revised Statutes by adding a new section to control motor vehicle muffler noise. The new section will prohibit the selling, buying, transferring, using or installing of a muffler or device which amplifies or increases noise emitted from a motor vehicle above that emitted by the original exhaust system.

Your Committee, for clarity, has made various amendments to lines 5, 7, 10, 11, and 12 on page 1.

Your Committee on Ecology and Environmental Protection is in accord with the intent and purpose of S.B. No. 577, S.D. 1 as amended herein and recommends that it pass Second Reading in the form attached hereto as S.B. No. 577, S.D. 1, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Garcia, Morioka, Toguchi, Carroll and Fong.

SCRep. 857 Ecology and Environmental Protection on S.B. No. 1489

The purpose of this bill is to improve enforcement of the State's litter laws by adding to Chapter 291C, Hawaii Revised Statutes, provisions against littering from vehicles.

Your Committee finds that in addition to the penalties imposed under Section 291C-161, Hawaii Revised Statutes, judges should be authorized to sentence persons convicted of the offense of littering to a given number of hours of picking up litter.

Your Committee on Ecology and Environmental Protection is in accord with the intent and purpose of S.B. No. 1489, S.D. 1, H.D. 1, and recommends that it pass Third Reading.

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

SCRep. 858 Energy and Transportation on S.B. No. 245

The purpose of this bill is to clarify section 291C-145, Hawaii Revised Statutes, in relation to bicycle safety and the operation of bicycles.

Testimony in support of this bill was presented to your committee by both the Department of Transportation and the Honolulu Police Department.

Your Committee has corrected a clerical error on line 3, page 2 by amending "100,00 people" to read as "100,000 people".

Your Committee on Energy and Transportation is in accord with the intent and purpose of S.B. No. 245, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 245, S.D. 1, H.D. 1 and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Peters, Say and Medeiros.

SCRep. 859 Energy and Transportation on S.B. No. 563 (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 weight loads should safety considerations dictate. Vehicles carrying agricultural products are granted permits to exceed the limits of H.R.S. section 291-35.

Your Committee finds that enforcement of the current law has been almost non-existent.

This is the result of the vagueness of enforcement provisions under the current law and also because the State Department of Transportation lacks the necessary equipment to adequately carry out and monitor enforcement. As a result, this lack of enforcement has led to widespread overloading throughout the affected industries. Testimony given by various witnesses representing both industry and government revealed the overloading ranged approximately 15% over weight limits allowed under the current law.

Testimony given by the Department of Transportation revealed the federal government has mandated that the continued lack of enforcement of our current law may result in a loss of federal funds for transportation programs affecting our roads and highways. Moreover, the Department expressed concern for the ability of our highways and bridges to withstand the proposed weight increase.

Testimony given by the representatives of the various affected industries indicated that enforcement of our current weight laws would cause severe economic hardship, particularly among the sugar and construction industries. This bill proposes to raise the weight levels to more realistic levels in keeping with the dictates of economic necessity.

Stylistic changes and changes in the bill's format have been made for purposes of clarity.

Your Committee on Energy and Transportation is in accord with the intent and purpose of S.B. No. 563, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 563, S.D. 1, H.D. 2.

Signed by all members of the Committee except Representatives Mizuguchi, Peters, Say and Medeiros.
(Representative Uwaine did not concur.)

SCRep. 860 Consumer Protection and Commerce on S.B. No. 804

The purpose of this bill is to amend section 294-2 by adding a new definition of a temporary substitute vehicle. A new section is also added to Chapter 294 to relieve all registered auto repair shops and licensed motor vehicle dealers of insurance liability for a vehicle loaned to a customer without charge, by providing that the customer's no-fault insurance coverage is primary over that of the repair shop. Conversely, if the repair shop operates the customer's vehicle in the course of repair work, the insurance coverage of the repair shop shall have priority over the customer's insurance. This measure will clarify who bears the insurance liability in cases when a vehicle is loaned to a customer by a repair shop.

Your Committee has amended this bill by deleting the proposed definition of temporary substitute vehicle as a "vehicle made available to a customer, at no charge, by an auto repair shop". Your Committee has inserted the language of this definition in the new Section 294- of this bill entitled: "Priority insurance coverages", to clarify the intent of this provision relating to vehicles loaned to customers by motor vehicle repair shops. Your Committee agrees that retaining the present statutory definition of "temporary substitute vehicle" provides broader no-fault insurance coverage for the consumer while implementing the intent of this bill.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 804, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 804, S.D. 1, H.D. 1, and be placed on the calendar for Third Reading.

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

SCRep. 861 Consumer Protection and Commerce on S.B. No. 1059

The purpose of this bill is to make various amendments to the laws relating to the medical malpractice insurance system and medical torts in order to more effectively meet the problem of rising medical malpractice insurance rates.

Upon consideration of this measure, your Committee has made some amendments to the bill. As amended, this bill provides as follows:

Section 1 of this bill amends the purpose clause of Act 219, Session Laws of Hawaii

1976, by deleting the statement that one of the purposes of the Act is to impose appropriate sanctions on errant health care providers. Some physicians have objected to the statement on the basis that it implies that there are large number of errant health care providers. In order to provide assurance that no such implication was intended, your Committee has deleted the statement from the purpose clause of Act 219.

Section 2 of the bill amends the definition of "health care provider" in Act 219 to clarify that the physicians and surgeons included within the definition are those physicians and surgeons licensed under Chapter 453, Hawaii Revised Statutes.

Section 3 of the bill amends the provision of Act 219 dealing with attorney's contingent fees. Act 219 limited attorney's contingent fees in medical malpractice cases to 33 1/3 per cent or 40 per cent of the amount recovered, depending on when recovery is made.

Your Committee agrees that such limitations on fees are arbitrary and that depending on the circumstances, fees of more or less than 33 1/3 or 40 per cent may be reasonable and appropriate. Accordingly, the provision has been amended to provide for reasonable contingent fees as approved by a court. Court approval of the amount of contingent fees would be required whether a claim resulted in a settlement before or after a suit is initiated. It is your Committee's intention that in determining the reasonableness of a fee, the court consider all circumstances of the case, including without limitation, the experience of the attorney, the complexity of the case, the time spent by the attorney on the case and the size of the recovery.

Section 4 of the bill increases the number of attorneys and physicians from which the medical claims conciliation panels established by Act 219 are formed. Present law provides for a list of 25 attorneys and 25 physicians. Testimony received from the Department of Regulatory Agencies indicates that although attorneys and physicians have been cooperative in contributing time to serve on the panels, an increase in the number of prospective panel members is desirable to decrease the workload for all. This amendment will increase the list of panel members to not less than 35 attorneys and not less than 35 physicians.

Section 5 through 13 of the bill affect the mandatory medical malpractice insurance requirements for health care providers and the patients' compensation fund established by Act 219, Session Laws of Hawaii 1976.

Present law requires that all physicians and surgeons maintain medical malpractice insurance coverage as a condition of obtaining and maintaining their Hawaii medical licenses. Further, all physicians must contribute to the patients' compensation fund which insures physicians for liability in excess of the basic insurance required for licensure.

Your Committee finds that because of the relatively high cost of medical malpractice insurance, the mandatory insurance requirement has caused hardship for some physicians. Physicians who are starting out in practice may be unable to afford the coverage required. Physicians who are semi-retired and have a limited practice find it economically unfeasible to carry malpractice insurance because the income derived from their limited practices cannot offset the cost of insurance. The present law, in effect, requires all physicians to carry unlimited insurance coverage and physicians in lower risk categories do not feel the need to carry such coverage.

In order to rectify these difficulties, the bill removes the mandatory insurance requirement, makes participation in the patients' compensation fund optional, limits the liability of the fund and allows the insurance commissioner to set the coverages to be offered by the fund.

Under the bill, health care providers who wish to participate in the fund must purchase medical malpractice insurance in the private market in the following amounts: For individual physicians and surgeons - \$100,000 per claim and \$300,000 per policy period aggregate; for hospitals and other health care providers - \$100,000 per claim and \$1 million per policy period aggregate. The fund will offer coverage in excess of the basic coverage in amounts to be set by the insurance commissioner to a maximum liability of the fund of \$1 million per claim and \$5 million per policy period aggregate. The limitation of the liability of the fund should allow a reduction in the surcharge for the fund and the flexibility in offering coverage by the fund will allow the insurance commissioner to offer coverage suited to the needs of health care providers.

The bill also eliminates the present requirement that the patients' compensation fund accumulate \$5 million by September 1, 1981. The elimination of this requirement will

give the insurance commissioner flexibility to set the surcharge based on the actual loss experience of the fund and the number of physicians who elect to participate in the fund. It will permit lower surcharges if the fund has a low loss experience and it is determined that a longer period to accumulate \$5 million is actuarially sound. However, if on January 31 of any year the fund exceeds \$5 million, the insurance commissioner will reduce or waive the surcharge to maintain the fund at an approximate level of \$5 million.

In order to meet the so called "long tail" problem in setting medical malpractice insurance rates, Section 11 of the bill provides for the payment by the patients' compensation fund of the entire amount of any recovery made for any claim instituted more than 6 years after the occurrence of the medical tort on which the claim is based.

Because of the length of the statute of limitations for medical torts and the tolling of the statute of limitations for any period during which an injured party is under a disability because of minority, insanity or imprisonment, there is a possibility of a long delay between the time an alleged medical tort occurs and the time that an action based on the tort is initiated. Insurance companies claim that because of inflation and the increasing number of medical malpractice claims, this potential long delay, or "long tail" leads to uncertainty in setting premiums for malpractice insurance and results in higher rates.

The provisions of Section 10 would remove this uncertainty for health care providers who participate in the patients' compensation fund by having the fund pay for any recovery based on a claim initiated more than 6 years after the occurrence on which the claim is based. This coverage would only extend to medical torts which occur after September 1, 1977. In effect, the potential liability of an insurer of a health care provider who participates in the patients' compensation fund would be limited to 6 years after any occurrence of malpractice. Although this will increase the exposure of the patients' compensation fund and increase the surcharge for the fund, your Committee believes that the overall effect should result in a stabilization of medical malpractice insurance costs.

In addition to removing failure to maintain financial responsibility, i.e., malpractice insurance, as a cause for revocation, suspension or limitation of a medical license under Section 453-8, Hawaii Revised Statutes, Section 13 of this bill also amends subparagraph (7) and (12) of Section 453-8.

Subparagraph (7) is amended by deleting past addiction to drugs as a cause for disciplinary action against a physician. Your Committee agrees that fully rehabilitated persons should not be indefinitely punished for past transgressions.

Subparagraph (12), which makes the performing of any surgical or medical treatment which is contrary to accepted medical standards a cause for disciplinary action is deleted entirely. Your Committee finds that the language of the subparagraph may tend to inhibit the use of new or innovative techniques and treatment which may not be considered as within "accepted medical standards" but which may be proper treatment under the circumstances. Your Committee believes that the intent of the subparagraph is to prohibit improper and incompetent treatment and such conduct is covered under subparagraph (10) which makes professional misconduct, gross carelessness or manifest incapacity cause for revocation, suspension or limitation of a medical license.

Section 14 of the bill amends Section 657-7.3, Hawaii Revised Statutes, which sets the statute of limitation of medical tort actions. Section 657-7.3 provides that a medical tort action must be brought within 2 years after a patient discovers, or should have discovered, an injury caused by any alleged occurrence of malpractice with an outside limit of 6 years after the occurrence regardless of the time of discovery. The section further provides that the time limitation is tolled for any period that the person who caused the injury fails to disclose any occurrence of malpractice which is known to him or through the use of reasonable diligence, should have been known to him.

It could be argued that a health care provider, through the use of reasonable diligence, should be aware of any act of malpractice which he may have committed. Your Committee is concerned that if such an interpretation of the law was made, there would be no time limitation on bringing medical malpractice actions. In order to avoid this result, your Committee has amended the last sentence of Section 657-7.3 to toll the time limitation only if the health care provider had actual knowledge of an occurrence of malpractice and failed to notify the patient.

Your Committee has deleted the provision dealing with periodic payments for future

medical expenses.

Your Committee has also deleted from the bill, an amendment to current law allowing patient access to all of his medical records. The proposed amendment would have restricted access to only hospital records. Your Committee believes that such an amendment would encourage the initiation of law suits. To obtain access to his medical records, a patient would have to file a law suit and institute discovery proceedings pursuant thereto. Your Committee believes that this would be inimical to one of the purpose of the laws relating to medical malpractice which is to encourage a reduction in the number of law suits. Your Committee further believes that a patient should have the right to inspect his medical records so that he is better informed about his medical history.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 1059, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1059, S.D. 1, H.D. 1, and be placed on the calendar for Third Reading.

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

SCRep. 862 Consumer Protection and Commerce on S.B. No. 1368

The purpose of this bill is to encourage foreign lenders to make equity investments in the State by specifically providing them with the authorization to do so without losing their foreign lenders' status.

Foreign lenders, as defined in Section 207-11, are banks, savings and loan associations, or insurance companies with their principal office in another state.

Presently, foreign lenders may lend money to borrowers in Hawaii and still be exempt from State laws on banking, fiduciaries and investments, savings and loans, insurance, and foreign corporations and are also not subject to taxation except for real property taxes on property it owns in the State. While the law is clear with respect to the strictly lending activities of foreign lenders, the law is not clear as to whether foreign lenders may make equity investments in Hawaii without losing their foreign lenders' status. This bill will clarify that uncertainty.

Your Committee is in agreement with the Senate Judiciary Committee that the proposed amendment permitting certain foreign lenders to open an office within the State be deleted. Such a proposed amendment is not essential to the purpose of the bill and since, it seems to expand the score of activities foreign lenders can engage in, deletion from the bill would be appropriate.

Your Committee has further amended the bill by deleting one line 20 and 21 on page 2 of the bill, the following words: "... or engage in any business or activities in this State...". There are other amendments reflecting grammatical language changes but not substantive changes.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 1368, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1368, S.D. 1, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Baker.

SCRep. 863 Consumer Protection and Commerce on S.B. No. 731

The purposes of this bill are to increase efficiency in the search of land titles, to reduce the cost of title searches through increased efficiency, and to provide for a uniform, statewide method of record search based on a parcel identifier system by providing that deeds and documents presented for registration shall contain the tax map key of the lot conveyed.

Your Committee is aware of the confusion that may arise as to the exact nature of the property conveyed by the deed or document if the tax map key number is incorrectly stated on the deed or document. Your Committee wishes to emphasize that it is not the intent of your Committee that the tax map key number serve as evidence of the exact

nature of the property conveyed. The legal description will be controlling.

The tax map key number is being extensively used by appraisers, title companies, Department of Taxation, and others in identifying a particular property, initiating title searches, comparing sales data, and tax information. Though the tax map key number is used as an identification number to distinguish one property from another, it does not serve as the legal description which is generally in metes and bounds.

The bill further provides that when there is a new condominium or subdivision whereby specific tax map key numbers are not available prior to recording, the last assigned tax map key number will be the number recorded.

Although the public is required to file a State conveyance tax affidavit with the document and although the affidavit has a tax map key number on it, these numbers are not available to abstractors of the Department of Taxation when they prepare their initial input of the digest of the document. If the tax map key number is on the document, these abstractors can type the tax map key numbers directly onto the Tax Map Bureau transfer sheets. This will greatly simplify departmental operations.

Further, the American Bar Association is on record for using assessor's numbers on documents. In its draft of the "Uniform Land Transaction Act," which many states are now considering adopting, Section 8-206 of the draft provides that "if practical, the recorder shall use duplicates of existing tax assessment maps." By enactment of this bill, Hawaii would be the first state to provide such information for searchers at the Bureau of Conveyances.

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

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 731, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 731, S.D. 1, H.D. 1, and be placed on the calendar for Third Reading.

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

SCRep. 864 Consumer Protection and Commerce on S.B. No. 144

The purpose of this bill 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 S.B. No. 144, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 144, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Baker.

SCRep. 865 Judiciary on S.B. No. 1350 (Majority)

The purpose of this bill is to limit public employment to those persons who intend

to reside in the State and who have been physically present in the State for at least one year immediately prior to beginning employment.

Your Committee finds that in order to maintain consistency in the State's planning for effective resource utilization, some measure of control over unplanned growth in the areas of employment opportunity and new employment must be developed. The State's resource of employment is not limitless, and it should be distributed in a manner whereby the residents of the State are the primary beneficiaries.

The State of Hawaii is unique among the fifty states in the union. The island State is not capable of accommodating large scale in-migration. Yet the State's perceived desirability as a place to live, not unfounded, encourages persons from other parts of the nation to seek residency. As the State depends upon its natural beauty as one of its main sources of income, via the tourist industry, it is unreasonable to assume that this source of revenue should be jeopardized by the effects of urban sprawl, a necessary corollary to accommodate a great influx of people.

The uniqueness of an island State, geographically thousands of miles from any other land mass, creates problems different from those encountered by the contiguous states or states covering a large area. The geographical separation undeniably hinders population mobility. Thus ingress and egress to and from the State is made more difficult, the effect being that those in the State have a tendency to stay. The cultural environment and particular lifestyle often times causes adjustment difficulties for residents moving to other parts of the nation, i.e., cultural shock. All of the mentioned factors have contributed to a disproportionate increase in the growth of the civilian labor force to the growth of the local job market, resulting in high unemployment.

Your Committee finds that the community has a commitment to provide jobs for the people who live here, and that particular commitment should be to people who have expressed and demonstrated an intent to remain in the community. This bill is evidence of that commitment.

Your Committee has amended this bill by including a severability clause.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 1350, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1350, S.D. 1, H.D. 2.

Signed by all members of the Committee except Representatives Naito, Nakamura and Fong.
(Representatives K. Yamada, Baker and Cobb did not concur.)

SCRep. 866 Judiciary on S.B. No. 1460

The purpose of this bill is to clarify statutory language relating to the point in time when the garnishee must effect the withholding required by the garnishee summons and to establish the amount the garnishee must secure.

Presently, some creditors use writs of attachment which are obtained without the procedural safeguards required for garnishment to reach a debtor's depository account. There is some question as to the validity of an attachment under such circumstances and may result in the garnishee being subject to potential double-liability when the attachment proceedings are used. The bill would prohibit the use of a writ of attachment in situations where garnishment is authorized under the law.

Your Committee found certain ambiguities relating to whether the garnishee is required to hold funds received after the service of the garnishee summons as part of the garnishee fund. The bill would specify which monies, goods and effects in the garnishee's possession at the time of the summons would be subject to the court's order.

The bill would require the court to specify in the garnishee summons the amount or value of money, debt or goods and effects which are to be held. It also limits the amount that could be garnished to 120% of the amount claimed by the creditor. This is to prevent the situation where attachments for a minor claim have tied up substantial excess monies in the debtor's depository accounts.

The bill requires the court to make a determination at the hearing on whether or not the garnishee process should issue and also whether or not any of the property which the creditor seeks to garnish is exempt from execution. This amendment deals

with the problem of depository accounts containing funds, which because of their sources, are exempt from execution.

Finally, the bill clarifies the provision to allow a debtor to post bond at the initial hearing on whether a garnishee summons would issue thereby avoiding garnishment.

This bill further requires the court to make a determination at the hearing to decide whether or not the garnishment process should issue, and also as to whether or not any of the property which the creditor seeks to garnish is exempt from execution. This is aimed at the problem of depository accounts which may contain funds which, because of their source, are exempt from execution.

Your Committee made some technical changes to this bill by including the word "in" which was deleted on Page 2, line 13, and by changing the word "and" to "an" on Page 4, line 8, and by adding quotations after the word "garnishee" on Page 6, line 12.

Your Committee on Judiciary is in accord with the intent and purpose of S. B. No. 1460, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S. B. No. 1460, S.D. 1, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 867 Judiciary on S.B. No. 1047

The purpose of this bill is to clarify the existing law by clearly establishing the attorney general as the chief law enforcement officer in this State with full power and authority to prosecute or direct the prosecution of criminal cases. This bill will minimize the role that the courts will have to play in defining the attorney general's role in local prosecutions.

The proposed bill clearly specifies that the attorney general may supersede a county prosecutor in any investigation, participate in any investigation, or initiate any investigation. This bill would codify the recent findings of the Circuit Court of the First Circuit, State of Hawaii, Amemiya v. Sapienza, Special Proceeding No. 4207.

The specific issue addressed concerns the authority of the attorney general to prosecute criminal cases where the attorney of a county or city and county responsible for criminal prosecution has made some decision contrary to the judgment of the attorney general. Recognizing that the prosecuting attorney is not a deputy of the attorney general and cannot be removed by him, this bill clearly gives the attorney general supervisory authority to enforce the laws of the State as the chief law enforcement officer in the State.

The provisions investing the attorney general with all the rights, powers and privileges of the county prosecutors in circumstances where the public interest so requires is in accordance with the definition of "prosecutor" as presently used in the Hawaii Rules of Penal Procedure [54(c) H.R.P.P.]. This is significant in light of Rule 6(d) H.R.P.P., as to who may be present while the grand jury is in session and Rule 7(C) H.R.P.P., which refers to the signing of indictments returned by the grand jury.

The sentence "Whenever in the judgment of the attorney general the public interest so requires or such action..." has been amended to delete the reference to "the judgment of the attorney general". The deletion will enable reviewing courts to review the necessity of the attorney general's actions as they relate to safeguarding the public interest, a less subjective and arbitrary standard.

This bill is not intended to affect any pending appeals.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 1047, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1047, S.D. 1, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives
Naito, Nakamura, Uechi and Fong.