

SCRep. 448 Health on H.B. No. 979

The purpose of this bill is to make a supplemental appropriation of \$139,670 to Molokai General Hospital for the fiscal biennium 1981-1982.

Testimony presented by the Department of Health indicates that Molokai General Hospital needs a supplemental appropriation of \$129,670 (rather than \$139,670) over the SUB 601 level recommended in the Executive Budget request because of a delay in a construction project to convert acute care beds to long-term care beds. Your Committee finds that this delay will decrease the original revenue estimate reflected in the SUB 601 Executive Budget Plan for Molokai General Hospital, and that a supplemental appropriation is therefore necessary.

To correctly relect the supplemental funding necessary, your Committee has amended section 1 of the bill by decreasing the appropriation from \$139,670 to \$129,670.

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

Signed by all members of the Committee.

SCRep. 449 Youth and Elderly Affairs and Health on H.B. No. 538

The purpose of this bill is to authorize the issuance of special purpose revenue bonds in order to refinance the outstanding financial obligations of the Pohai Nani retirement facility.

Pohai Nani is a retirement facility which provides residential and nursing care for the elderly. It is currently owned and operated by the Ev. Lutheran Good Samaritan Society who purchased the facility in December, 1930. The purchase price of the facility was \$9.25 million of which \$8.25 million is financed through Citicorp of New York and \$1.0 million is by Pacific Homes Corporation. The interest rate required by Citicorp of New York is 1 1/2% over the prime interest rate. This has caused the Society sever financial problems because of the recent high prime interest rates.

Your Committees are in agreement that authorization for the special purpose revenue bonds are in the public interest and are needed to provide long term financing at acceptable interest rates. However, your Committees have received testimony that no investigation has been made into the financial condition of the Society to determine its ability to meet the obligations should the special revenue bonds be authorized. Therefore, the Committees have amended the bill to provide that the Department of Budget and Finance thoroughly investigate the financial condition of the Society before it issues the bonds so as to ensure the prompt repayment of all monies generated by the bonds.

Your Committees on Youth and Elderly Affairs and Health are in accord with the intent and purpose of H.B. No. 538, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 538, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committees except Representatives Levin and Lacy.

SCRep. 450 Youth and Elderly Affairs and Corrections and Rehabilitation on H.B. No. 1927

The purpose of this bill is to appoint a specific agency, the Office of Children and Youth, to provide, approve, and assure adequate facilities for status offenders, whether or not committed by court order.

This bill is concerned with the fact that, in the past, certain status offenders, specifically those who are not a threat to society and threfore not recommended for detention, have been refused placement in foster homes. In effect these juveniles have been shuttled back and forth between foster homes, administered by the Department of Social Services and Housing, and detention facilities, administered by Family Court. This bill would appoint the Office of Children and Youth as the lead agency having sole responsibility for the placement of all juveniles.

Your Committees have amended H.B. No. 1927 to designate the Family Court as the lead agency for placement of juveniles. Your Committees find that the Family Court presently has the authority over these juveniles, and that the Court would be the most appropriate agency to provide for the placement of juveniles.

In the interest of making this bill concise, your Committees have amended the bill by compressing the eight previous sections into three sections.

Further the term status offender has been replaced with juveniles in need of placement, leaving no room for interpretation over which juveniles the Family Court would have jurisdiction.

Your Committee has amended H.B. No. 1927 to designate the Family Court as the lead agency for placement of juveniles. Your Committees find that the Family Court presently has the authority over these juveniles, and that the Court would be the most appropriate agency to provide for the placement of juveniles.

Your Committees have appropriated \$500,000 to the Family Court for the purposes of assuring adequate facilities for the juveniles in need of placement. Your Committees find that \$500,000 is approximately the amount that would be needed for the placement of 45 juveniles. The Family Court has estimated that 45 youths would be in need of placement this year.

Your Committees on Youth and Elderly Affairs and Corrections and Rehabilitation are in accord with the intent and purpose of H.B. No. 1927, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 1927, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committees except Representatives
Baker, Dods, Honda, Kawakami, Waihee and Wong.

SCRep. 451 Youth and Elderly Affairs on H.B. No. 224

The purpose of this bill is to provide a comprehensive system for evaluation and placement of individuals requiring long term health care.

H.B. No. 224 establishes a multidisciplinary evaluative team, which consists of an administrative team and line teams, to evaluate individuals requiring long term care, and to determine the appropriate placement for these individuals.

H.B. No. 224 identifies those individuals which the team shall evaluate as the elderly, the developmentally disabled, the physically ill or disabled, and the mentally ill. The responsibilities for establishing the long term care continuum plan and the multidisciplinary evaluative team are placed in the department of social services and housing.

Your Committee has made extensive revisions to H.B. No. 224.

Your Committee has amended the bill to delete all references to individuals other than the elderly, who shall be evaluated by the team. Your Committee finds that this group is the largest group in need of one intake agency to provide for a designed, consistent placement for long term care.

Your Committee has further amended the bill to delete the administrative team and the line teams, and retain the multidisciplinary evaluative team, which shall make evaluations for purposes of placement. The multidisciplinary team contains the functions of the administrative team and the line teams. Your Committee finds that concentrating these functions in one team will streamline the placement process.

Your Committee has further amended the bill to establish the multidisciplinary evaluative team within the Executive Office on Aging, rather than the Department of Social Services and Housing. The membership of the team has been amended so that the team will consist of three members of the Department of Health, and three members of the Department of Social Services and Housing, as well as other necessary personnel.

Your Committee has deleted the provisions in the bill regarding the duties of the team, placement of individuals, reporting, and payment rates. Your Committee finds that the establishment of the multidisciplinary evaluative team and the long term care continuum plan should be begun, prior to establishing the procedures enumerated in the bill regarding duties, placement, pay rates, etc.

The revised version of H.B. No. 224 provides for, (1) the establishment of a multidisciplinary evaluative team, within the Executive Office on Aging, and (2) for the establishment, by the Executive Office on Aging, of a long term care continuum plan.

Your Committee on Youth and Elderly Affairs is in accord with the intent and purpose of H.B. No. 224, as amended, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 224, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives
Honda, Kunimura, Levin, Lacy and Wong.

SCRep. 452 Public Employment and Government Operations on H.B. No. 1101

The purpose of this bill is to expressly authorize the Board of Trustees of the Public Employees Health Fund to adopt rules and regulations to administer the Health Fund Law.

Your Committee finds that the State Attorney General's Office reviewed the Health Fund Law, Chapter 87, Hawaii Revised Statutes, and found that the law does not contain the necessary express legal authority for the Board of Trustees to make and publish rules and regulations. The current law only enables the Board to establish eligibility requirements and conditions for enrollment changes.

By providing the Board with the express statutory authorization to promulgate rules and regulations necessary to administer the provisions of the Health Fund Law, the Board's rules will have the necessary legal standing and enforceability in judicial proceedings.

Your Committee on Public Employment and Government Operations is in accord with the intent and purpose of H.B. No. 1101 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 453 Public Employment and Government Operations on H.B. No. 358

The purpose of this bill is to amend those sections of the Civil Service Law, Chapter 76, Hawaii Revised Statutes, relating to notices of suspensions, dismissals, and demotions and the filing of a copy of such notices with the director of personnel notices (sections 76-28, 76-45, and 76-46), so as to clarify that in order for such disciplinary actions to take effect, a copy of such notice need not have first been filed with the director of personnel services.

The bill does not amend the current statutory requirements that written notice of a suspension, dismissal, or demotion, specifying the specific reasons for such an action, must be given by the appointing authority to the affected employee in order for the action to be effective. Additionally, under the bill, appointing authorities will continue to be required to notify the director of personnel services of all such adverse or disciplinary personnel actions and the reasons therefor (through the filing of copies of the notices given to the affected employees).

Your Committee finds that the failure or omission of an appointing authority to give prompt notice to the director of personnel services of all appointments, terminations, transfers, resignations, suspensions, demotions, and dismissals does not prejudice the employee. In the past, a failure or omission to comply with this filing requirement has been construed as grounds to nullify a disciplinary action against an employee. However, your Committee believes that current statutes and the various collective bargaining agreements provide the employee with sufficient protection against unjust or improper disciplinary actions.

Your Committee on Public Employment and Government Operations is in accord with the intent and purpose of H.B. No. 358 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 454 Water, Land Use, Development and Hawaiian Affairs on H.B. No. 755

The purpose of this bill is to amend section 171-36, Hawaii Revised Statutes, to enable the Board of Land and Natural Resources (BLNR) to raise the lease rent at the time a lessee transfers his lease to someone else, based upon the consideration paid for the assignment of the lease.

Under the present law, when a lessee of State land wishes to sublease the whole or any part of the premises, he must first obtain the consent of the BLNR. The BLNR has the right to review and approve the rent to be charged the sublessee and to, if necessary, raise the basic rent. In the event a lessee wishes to transfer his lease to someone else, he must also obtain the BLNR's consent. However, there is no provision in the law at present allowing the Board to raise the rent when a lease is transferred. The effect of this bill would be to amend section 171-36, HRS, to allow the BLNR to raise the rent, if necessary, based upon the assignment and transfer consideration paid by the transferee.

Your Committee is in agreement with testimony received by the BLNR that the State, as the landowner, should be able to raise the lease rent for State land when the lease for such land is transferred so that the State can share in the profit made in the transfer of such a lease.

Your Committee on Water, Land Use, Development, and Hawaiian Affairs is in accord with the intent and purpose of H.B. No. 755 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 455 Water, Land Use, Development and Hawaiian Affairs on H.B. No. 760

The purpose of this bill is to amend Chapter 171, Hawaii Revised Statutes, to eliminate conflicts between different sections of the statutes, clarify the intent of specific sections, more accurately reflect current responsibilities of the Department of Land and Natural Resources, and conform this chapter with Article I, section 3 of the Hawaii State Constitution.

Your Committee is in agreement with testimony received by the Board of Land and Natural Resources that the "housekeeping" changes to Chapter 171, Hawaii Revised Statutes, in this bill should eliminate conflicts between different sections of the statutes, clarify the intent of specific sections, more accurately reflect current responsibilities of the Department of Land and Natural Resources, and conform this chapter with Article I, section 3, of the Hawaii State Constitution.

Your Committee on Water, Land Use, Development, and Hawaiian Affairs is in accord with the intent and purpose of H.B. No. 760 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 456 Culture and the Arts on H.B. No. 1765

The purpose of this bill is to require the King Kamehameha Celebration Commission to adopt rules pursuant to Chapter 91, Hawaii Revised Statutes, relating to its expenditures for the King Kamehameha I Day Parade, the use of the statue of King Kamehameha I, and all other functions, duties, and operations of the Commission.

Your Committee on Culture and the Arts is in accord with the intent and purpose of H.B. No. 1765 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 457 Energy, Ecology and Environmental Protection and Consumer Protection and Commerce on H.B. No. 270

The purpose of this bill is to amend the Hawaii Revised Statutes by adding a new chapter that will authorize the county governments to adopt ordinances and rules which

encourage the use of solar energy systems and to remove restrictions on the installation of such systems which may have been imposed by ordinance, rule, regulation, or private agreement.

Your Committees are in agreement that the use of solar energy systems offers an economically feasible and environmentally preferable alternative to imported fuels and that the implementation and utilization of such systems should be encouraged by the State.

Testimony supporting H.B. No. 270 was presented by the Department of Planning and Economic Development; administration of the City and County of Honolulu; representatives from the Environmental Center-University of Hawaii; and the Hawaii Solar Energy Association.

Your Committees have amended H.B. No. 270 by deleting the phrase "mean solar time" on line 8, page 3, and replacing it with the word "daily". Testimony indicated that retaining "mean solar time" could conceivably result in the shading of solar energy collectors for up to one half of the year, especially during the winter months. Such a situation would be contrary to the intent and purpose of the bill. The amendment would ensure year-round, unobstructed sunlight necessary for the efficient operation of solar collectors.

H.B. No. 270 has been amended by deleting the comma after the word "sunlight" on line 16, page 3, and replacing it with a period. Also, lines 17 and 18 on page 3 have been deleted. The deleted lines read as follows: ". . . as by controlling the height and setback of structures and vegetation." Your Committees are in agreement that such issues as height control and setback of structures might be more appropriately addressed through individual county zoning ordinances.

Your Committees on Energy, Ecology and Environmental Protection and Consumer Protection and Commerce are in accord with the intent and purpose of H.B. No. 270, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 270, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committees except Representative Ikeda.

SCRep. 458 Ocean and Marine Resources on H.B. No. 754

The purpose of this Act is to amend Section 189-3, Hawaii Revised Statutes, to protect trade secrets and other confidential information of individual licensed commercial fishers who are required to submit information to the Department of Land and Natural Resources through the "monthly fish catch reports."

Pursuant to Section 189-3 of the Hawaii Revised Statutes, the Department of Land and Natural Resources receives monthly catch reports from licensed commercial fishers which contain information including location and amount of fish caught, the type of fishing gear used, and primary producers values for catches sold. Understandably, commercial fishers regard certain of these information that reveal their fishing operation as trade secrets which should not be disclosed to others. Hence, a problem has surfaced in that the present language of Section 189-3 does not clearly provide exceptions to public divulgence of the monthly catch reports.

Your Committee finds that the proposed amendment will establish that all information contained in the monthly catch report are confidential, except that such information in summary or aggregate form that maintain the anonymity of individuals may be released or made public by the Department of Land and Natural Resources. Your Committee further finds by assuring the privacy of such information, the Department of Land and Natural Resources will gain the confidence of commercial fishers, thereby enabling the department to obtain more exacting information needed to properly manage the fishery resources.

Testimony presented before your Committee by the Chairperson of the Department of Land and Natural Resources strongly supports the intent and purposes of this bill.

Your Committee has amended this bill with the passage "or with the prior written consent of such person" be inserted between the word "office" and the period, on page 2, line 14.

Your Committee on Ocean and Marine Resources is in accord with the intent and purpose

of H.B. No. 754, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 754, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 459 Transportation on H.B. No. 1748

The purpose of this bill is to amend Chapter 291 of the Hawaii Revised Statutes by adding a new section to Part I.

The Committee is in agreement that all persons driving a moped upon a roadway shall be granted all of the rights and subject to all the duties applicable to the driver of a vehicle, except to the special provisions and those provisions by their nature that can have no application under this chapter.

Your Committee on Transportation is in accord with the intent and purpose of H.B. No. 1748 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 460 Transportation on H.B. No. 814

The purpose of this bill is to amend Section 286-201, of the Hawaii Revised Statutes by amending the definition of "motor carrier".

Your Committee is in agreement that any State or County agency should be included as part of the definition of "motor carrier".

The Department of Transportation submitted testimony in agreement stating that all State and County owned vehicles should comply with the provisions of the motor carrier safety law. Therefore, the definition of "motor carrier" should specifically include State and County agencies.

Your Committee on Transportation is in accord with the intent and purpose of H.B. No. 814 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 461 Tourism and Water, Land Use, Development and Hawaiian Affairs
on H.B. No. 1372

The purpose of this bill is to prevent the proliferation of concession-type activities on our island beaches. It does not apply to those previously authorized and established beach concessions which are presently providing services. It is anticipated that through attrition over the years, all public beaches will eventually be cleared of concessionaires.

This bill amends Sections 171-1 and 171-55 so that "land licenses" and "permits" will not be issued for concessions on public beaches granted for the privilege of conducting operations which involve the sale of goods, wares, merchandise, or services to the general public. Experience has shown that uncontrolled concessions have marred the natural beauty and aesthetic quality of our public beach environment.

Your Committees on Tourism and Water, Land Use Development and Hawaiian Affairs are in accord with the intent and purpose of H.B. No. 1372 and recommend that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committees.

SCRep. 462 Health on H.B. No. 1327

The purpose of this bill is to provide a statutory basis for the provision of services to the developmentally disabled.

Testimony presented to your Committee indicates that at present, there is no statutory

basis for the provision of services to the developmentally disabled; such services as provided by the Department of Health rely on an extension of the statutory provision for mental retardation. The Attorney General has notified the Department that, hereafter, contracts which are worded with "developmental disabilities" language will not be approved without the appropriate statutory basis.

Your Committee concurs with the need to create the necessary and appropriate legal base which will enable the Department of Health to provide services to developmentally disabled persons who are not mentally retarded but who require similar services. Your Committee has therefore amended section 2 of the bill by adding the substantive contents of the bill which will amend chapter 321, Hawaii Revised Statutes, to provide for such services.

Your Committee on Health is in accord with the intent and purpose of H.B. No. 1327, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1327, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 463 Finance on H.B. No. 1334

The purpose of this bill is to permit the head of a department to delegate to a deputy director, the duties and responsibilities specified in section 39-64, Hawaii Revised Statutes, pertaining to the execution of revenue bonds.

Under the present statute, only the head of the department is authorized to sign revenue bonds issued by that department. Your Committee believes that such authority should be delegated to a deputy director designated by the head of the department, in order to provide maximum administrative flexibility and assure continual efficiency in the operation of that department.

Your Committee finds that the programs of the department of transportation and the responsibilities of the director have greatly increased in recent years. Departmental management has become increasingly complex, and revenue bond sales have grown dramatically. The duties of the director are multi-dimensional in scope and often make conflicting demands upon his time. This bill would help relieve the director of one of these duties---the purely ministerial task of signing revenue bonds.

Your Committee agrees that this responsibility may properly be assigned to a deputy director designated by the director and that the delegation of this function is in the State's best interest.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 1334 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 464 Finance on H.B. No. 1060

The purpose of this bill is to remove the existing six per cent per annum interest rate ceiling now in effect under present law and transfer the authority for setting a ceiling for the interest rate of redevelopment bonds or the interest rate per bond issue to the legislative bodies of the counties.

Your Committee finds that this bill:

1. Will remove the present ceiling rate of six per cent per annum on redevelopment bonds.
2. Will give counties the opportunity to respond to the bond market fluctuations to compete for funds so that needed projects can be implemented.
3. Will benefit the counties since redevelopment bonds are sold by a competitive public bidding process and price comparisons can easily be made with other issues which will give some basis for evaluating and accepting bids.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 1060 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 465 Finance on H.B. No. 1122

The purpose of this bill is to clarify the provisions of HRS section 40-81 which require agencies to report to the state comptroller any funds deposited into depositories other than the state treasury by specifically extending such requirement to the Office of Hawaiian Affairs and the Hawaii Housing Authority.

Your Committee finds that regardless of the relationship of the Office of Hawaiian Affairs to other branches of state government, it is clearly an entity of government and should be included in any statewide financial reporting requirements.

Likewise, your Committee further finds that funds of the Hawaii Housing Authority which are authorized to be held outside of the state treasury should also be included in financial reports covering state funds.

Testimony from the Office of Hawaiian Affairs and the Hawaii Housing Authority shows no objection to this bill.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 1122 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 466 Finance on H.B. No. 921

The purpose of this bill is to authorize state agencies which do not have specific legislative authorization to do so, to assess and collect a service fee of \$7.50 for each uncollectible check, draft, certificate of deposit or other negotiable instrument.

Your Committee finds that bad checks not only deprive the State of the use of revenues, but that these uncollectible items also create an additional workload in the accounting for and pursuing of the collection of each bad item deposit. Your Committee agrees that the imposition of a service fee to recover costs of processing bad checks represents prudent fiscal management and a fee of \$7.50 is consistent with rates generally charged by financial and commercial firms. Service charges collected as authorized by this bill will be deposited in the state general fund.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 921 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 467 Consumer Protection and Commerce and Judiciary on H.B. No. 461

The purpose of this bill is to prohibit 1) operators of motor vehicles from consuming alcoholic beverages or possessing opened containers of alcoholic beverages while operating a motor vehicle, 2) passengers from consuming alcoholic beverages or possessing opened containers of alcoholic beverages while a passenger in a motor vehicle, and 3) storage of opened containers of alcoholic beverages in a motor vehicle.

Your Committees find from testimony presented that driving while intoxicated is a serious public health and safety problem in Hawaii. Statistics show that over 40 per cent of all fatal traffic accidents in Hawaii (205 deaths in 1979 and 184 deaths in 1980) are alcohol related. Your Committees feel that this bill should aid in eliminating alcohol, which has proven to be a dangerous element on highways, from use in the operation of motor vehicles.

Your Committees also heard testimony from the Honolulu Police Department stating that enforcement may be a problem if it must be shown that a container was partially

filled. Your Committees have therefore amended the bill to include empty alcoholic beverage containers within the prohibition of stored containers. Your Committees have also amended the bill to provide that the penalty be a violation instead of a petty misdemeanor.

Your Committees on Consumer Protection and Commerce and Judiciary are in accord with the intent and purpose of H.B. 461, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 461, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committees except Representatives Ikeda and Medeiros.

SCRep. 468 Consumer Protection and Commerce on H.B. No. 526

The purpose of this bill is to provide that fees and other money collected by the county liquor commissions need not be paid into the county's general fund and that expenses of the commissions not be paid from the county general fund.

Your Committee notes that Act 304, 1980, amended Chapter 281, Hawaii Revised Statutes, to provide that all fees collected by the county liquor commissions must bear a relationship to the actual costs and expenses of each respective commission. This bill supplements the intent of Act 304 by allowing the counties to establish a special fund for the collection of liquor commission fees and for expenses incurred by the commissions.

Your Committee has made a minor amendment to the bill clarifying the intent that each county shall set their expenses by ordinance.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 526, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 526, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Ikeda.

SCRep. 469 Consumer Protection and Commerce on H.B. No. 477

The purpose of this bill is to allow the replacement value of household contents to be insured.

Under present law, household insurance coverage is limited to the actual cash value of the household contents. This provision has caused claim problems in the past where the actual value of insured property had depreciated to a small fraction of its replacement cost.

Your Committee feels that consumers should be provided with the opportunity to insure their personal property to the extent desired. Your Committee is therefore in agreement with this bill insofar as it provides this service.

Your Committee has made technical corrections to the bill.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 477, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 477, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Ikeda.

SCRep. 470 Consumer Protection and Commerce on H.B. No. 772

The purpose of this bill is to eliminate duplicative and unnecessary regulation of issuers of securities by the Department of Regulatory Agencies.

Under present law, the Department of Regulatory Agencies is required under statute to register over 100 new mutual fund offerings per year, and process over 350 renewals per year. Your Committee finds from testimony presented that mutual fund offerings are the most heavily regulated securities by the Securities and Exchange Commission and the National Association of Securities Dealers. Your Committee further finds that

there have not been any complaints filed regarding fraudulent sales within the past five years and that during the same period of time there have been only two requests for examination of a mutual fund.

This bill would eliminate unnecessary state regulation in this area by exempting from state registration requirements those securities registered under 15 U.S.C. 80a, Investment Company Act of 1940. This bill would also eliminate the present bond filing requirements of certain exempt securities on the basis that such state requirement is duplicative of federal regulations. Your Committee notes that all offerings, even if deregulated under this bill, would still be monitored by the antifraud provisions under section 485-25, Hawaii Revised Statutes.

Your Committee has made minor amendments for purposes of clarification.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 772, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 772, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Ikeda.

SCRep. 471 Consumer Protection and Commerce on H.B. No. 328

The purpose of this bill is to reaffirm the interpretation of Chapter 480, Hawaii Revised Statutes, as consistent with federal law and federal court interpretations of federal antitrust law.

Your Committee notes that the State's antitrust laws were enacted in 1961 after exhaustive scrutiny. The intent of the legislature at that time was clearly to utilize the precedents developed in the federal law in applying Chapter 480. Conference Committee Report No. 19, H.B. 27, H.D. 2, S.D. 2, C.D. 1 (May 27, 1961) states:

In conclusion it is the intent of your committee on conference that wherever there are comparable provisions of the federal antitrust laws and tests similar in language to those provided in this bill, it is intended that those decided federal cases applicable and relating to those provisions and tests will guide the interpretation and application of such terms and provisions of this bill in the light of the economic and business conditions of this state. Id. at page 19.

Your Committee notes further that there have been no reported cases in the Hawaii Supreme Court interpreting Chapter 480. However, in testimony presented by the Antitrust Division of the Department of the Attorney General, the case of State of Hawaii v. Vim & Vigor, Inc., et al., Cr. No. 53758, First Circuit Court, was raised, indicating that an interlocutory decision was made apparently in derogation of federal common law.

Your Committee is therefore in agreement with the intent of this bill which would codify the original legislative intent to utilize the federal law and federal court decisions, in addition to Federal Trade Commission decision and law pursuant to section 480-3, as a precedential body of law. Your Committee has amended the bill by substituting the word "conformance" for "harmony" and the word "similar" for "comparable" to emphasize its intent. Your Committee feels that it is good policy to adopt the existing body of federal common law developed over the past 90 years since the enactment of federal antitrust laws as a guide to our State laws.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 328, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 328, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 472 Consumer Protection and Commerce on H.B. No. 393

The purpose of this bill is to limit representation on the board of directors of a horizontal property regime to no more than one owner per unit.

Present law requires only that all members of a board of directors shall be an owner of a unit. Application of the law, however, permits more than one co-owner of a unit to sit on the board of directors, overrepresenting the interests of one unit and making it possible for a small group to control the operation of an association.

This bill will eliminate this possibility of overrepresentation on boards of directors by specifically limiting eligibility to one owner per unit. Your Committee feels that this bill will effectively promote more equitable representation of owners.

Your Committee has made a technical amendment to the bill.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 393, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 393, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 473 Consumer Protection and Commerce on H.B. No. 934

The purpose of this bill is to extend the repeal date of the Board of Examiners of Nursing Home Administrators from December 31, 1981 to December 31, 1987.

Under Chapter 26H, Hawaii Revised Statutes, the various boards and commissions regulated by state law under the Department of Regulatory Agencies are scheduled for periodic review by the legislature to determine whether or not the regulatory program should be continued. Pursuant to this "sunset" law, the statutes governing the Board of Examiners of Nursing Home Administrators is due to be repealed on December 31, 1981. This bill would extend the board until December 31, 1987.

Your Committee finds from testimony presented by the Department of Social Services and Housing and from the Sunset Evaluation Report submitted by the Legislative Auditor that maintenance of a State licensing program for nursing home administrators is a federal requirement for participation in federal funding. Under the Social Security Act, compliance with the Medicaid program is required in order that the State be eligible to receive financial aid under these programs. Currently, aid received state-wide is approximately \$20 million annually.

Your Committee feels that compliance with federal requirements should be continued and is therefore in agreement with the intent of the bill.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 934 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 474 Consumer Protection and Commerce on H.B. No. 496

The purpose of this bill is to clarify a potential conflict between Chapter 476, Hawaii Revised Statutes, relating to Retail Installment Sales, and Section 408-15(1)(9), Hawaii Revised Statutes, relating to open-end loans.

Under present law, Chapter 476, Hawaii Revised Statutes, defines retail installment contract to mean, *inter alia*, "moneys advanced in payment of the purchase price." Section 408-15(1)(9), Hawaii Revised Statutes, states that when open-end loan agreements are retail installment contracts, the licensee must comply with Chapter 476. Your Committee heard testimony stating that financial institutions often take assignments of retail installment contracts from retail sellers of goods. The effect of such assignments is to possibly subject the financial institution to the requirements of Chapter 476, Hawaii Revised Statutes, by virtue of the definition of retail installment contract and Section 408-15(1)(9), Hawaii Revised Statutes.

Your Committee finds that the intention of Chapter 476 was to include only retail sellers of goods and not financial institutions acting as assignees for retail installment contracts within the restrictions of Chapter 476. Your Committee is therefore in agreement with the intent of this bill to clarify the uncertainty caused by the present wording of the relevant sections.

Your Committee has made technical corrections to amend this bill.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 496, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 496, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 475 Consumer Protection and Commerce on H.B. No. 930

The purpose of this bill is to delete dispensing opticians from the professional corporation law.

Under present law, dispensing opticians who incorporate are required to do so under the provisions of the professional corporation law. The professional corporation law imposes certain restrictions on stock ownership and corporate management which are not imposed pursuant to general corporation law.

Your Committee finds from testimony presented that the intent of such restrictions was to preserve the confidential relationship that exists between the professional and client. Your Committee notes that the relationship between dispensing optician and consumer is generally not of a confidential nature. Your Committee therefore sees no compelling reason to impose the restrictions of the professional corporation law on dispensing opticians.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 930 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 476 Judiciary on H.B. No. 588

The purpose of this bill is to eliminate the notice requirement to grandparents in a proceeding for the appointment or removal of a guardian of the person of an incapacitated person.

A representative of the Task Force for the Study of Laws Relating to Guardianship, Civil Commitment, and Protective Services testified in relation to this bill and brought to your Committee's attention the following problems encountered under the present law in guardianship proceedings:

1. That often the notice requirement to grandparents causes the proceeding to become much more costly and drawn out.
2. That many grandparents live in another state or in a foreign country.
3. That when grandparents are deceased it is often difficult, if not impossible, to obtain death certificates, especially when the dates of death or names are unknown.

Your Committee is cognizant of the problems; however, it also recognizes that in proceedings involving minors notice to grandparents should be given. Grandparents play a unique and important role in the upbringing of minors in the State of Hawaii. Oftentimes, minors can be very close to their grandparents and absence of notice to grandparents can be an injustice.

Your Committee has therefore amended H.B. No. 588 to retain mandatory notice to grandparents in guardianship proceedings involving minors.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 588, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 588, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 477 Judiciary on H.B. No. 168

The purpose of this bill is to prohibit movable signholding in certain areas of the interstate defense highways in the interest of public safety.

Your Committee, cognizant of the constitutional right to free speech, believes that the prohibition is necessary for the protection of the motoring public. Signholding diverts the attention of the drivers of motor vehicles who are traveling at fairly high rates of speed, and any accident caused on these highways presents a threat of death or serious bodily injury.

The Department of Transportation has testified that it supports the intent of this bill.

The bill has been amended to exclude on-ramps and off-ramps as areas where movable signs are prohibited. Your Committee finds that the rate of speed on the on-ramps and off-ramps is not as great as on the highways, and therefore presents less danger of serious injury.

The bill has also been amended to limit the ban only to interstate highways, and to motor vehicle and pedestrian overpasses and grade separated highways crossing interstate highways.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 168, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 168, H.D. 1 and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 478 Judiciary on H.B. No. 338

The purpose of this bill is to amend §11-15, of the Hawaii Revised Statutes to remove the existing prohibition against candidates for public office and their immediate relatives from serving as deputy voter registrars.

The law presently permits political parties and candidates to organize registration campaigns to register new voters. Thus, the present restriction is unnecessary and guards against no real problem. The present laws also have sufficient controls and safeguards against any attempt at fraudulent registration.

Upon review, the bill has been amended to provide that the restriction from serving as a deputy voter registrar continue to apply only to the candidate himself.

Your Committee feels that a candidate for political office should not be permitted to serve as a voter registrar, and the Hawaii State Constitution specifically provides that no legislator may hold any other public office under the state.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 338, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 338, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 479 Judiciary on H.B. No. 634

The purpose of this bill is to increase the penalty for unlicensed dogs, and to give each county the power to fix and charge impound fees commensurate with actual cost of impounding the dogs but in no event less than \$2.50 per day.

Your Committee finds that the actual costs of the care and handling of impounded dogs exceeds the 25 cents per day fee currently allowed by law.

Your Committee feels that this bill, which allows counties to set adequate redemption and boarding fees, is necessary to meet the cost of operating the program.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 634 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 480 Judiciary on H.B. No. 300

The purpose of this bill is to define all firearms as dangerous instruments whether they are loaded, unloaded, operable or inoperable.

Your Committee recognizes that the present definition of dangerous instrument is limited. There are situations in which a firearm used in a crime is neither operable nor loaded, and because of the restricted current legal definition, the offense must be amended to a lesser charge.

This bill expands the legal definition of "dangerous instrument" so that a firearm, no matter what condition it may be in, will be a dangerous instrument.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 300 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 481 Transportation on H.B. No. 1688

The purpose of this bill is to allow for capital improvement projects by financing eight specific projects in Maui County.

Your Committee classifies the eight specific project appropriations with their corresponding source of financing:

- (1) Kahului Airport facilities and services to be authorized \$18,000,000 in federal aid interstate highway funds for constructing an addition to the existing terminal building.
- (2) Kahului Harbor facilities and services to be appropriated \$430,000 in special funds for planning and constructing miscellaneous improvements at Kahului Harbor.
- (3) Maui Highways and services - Pi'ilani Highway (Kihei to Upupalakua) to be authorized \$1,224,000 in general obligation bonds for land acquisition and \$3,383,000 in federal aid primary highway funds for the construction of Pi'ilani Highway from Kihei to Ulupalakua.
- (4) Maui Highways and services to be authorized \$1,280,000 in general obligation bonds for the construction of a highway from Huelo to Hana.
- (5) Improvements of Maui Highways to be appropriated \$770,000 in special funds for the planning and construction of median guardrails and shoulder improvements on Maui Highway.
- (6) Molokai Highways and services to be appropriated \$275,000 in special funds for the installation of median guardrails and shoulder improvements on Molokai Highway.
- (7) Lanai Highways and services to be appropriated \$165,000 in special funds for the plans and construction of median guardrails and shoulder improvements on Lanai Highway.
- (8) Ocean-based recreation to be authorized \$305,000 in general obligation bonds for the plans and construction of ocean-based recreation of Lanai Boat Harbor.

Your Committee is in agreement that the sums appropriated or authorized shall be expended by the Department of Transportation and that all unexpended or unencumbered monies of any authorization or appropriation made by this Act as of June 30, 1984 shall lapse into the appropriate fund from which allocated.

Your Committee on Transportation is in accord with the intent and purpose of H.B. No. 1688 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 482 Consumer Protection and Commerce and Energy, Ecology and
Environmental Protection on H.R. No. 198

The purpose of this resolution is to request the permission of both the federal and state governments for the burning of higher sulfur content fuel oil at Hawaiian Electric Company's Kahe electric generating plant.

Your Committees find that between 1977 and 1978, the amount of sulfur dioxide in the air in the Kahe area produced by the Hawaiian Electric Company's generating facility exceeded the air quality standards of the Clean Air Act. Hawaiian Electric Company was thereafter required to burn only 0.5 per cent fuel oil instead of the 2 per cent fuel oil that was used previously. Your Committees further find that 1) the difference in cost between 2 per cent and 0.5 per cent fuel oil is estimated to be over \$50 million for the annual requirements of the Kahe facility; 2) Hawaiian Electric Company has recently completed construction of tall stacks designed to further disperse exhaust material; and 3) there is no conclusive data regarding health or environmental effects in inhabited areas from the burning of 2 per cent sulfur fuel oil since 1963.

Your Committees therefore believe that the substantial cost differential between 0.5 per cent and higher sulfur content fuel oils can be passed on to consumers as a savings, and recommends that burning of higher sulfur content fuel oil be allowed at the Kahe facility as long as no detrimental health effects are ascertainable.

Your Committees have also amended the resolution and title for purposes of clarity.

Your Committees on Consumer Protection and Commerce and Energy, Ecology and Environmental Protection concur with the intent and purpose of H.R. No. 198, as amended herein, and recommend its adoption in the form attached hereto as H.R. No. 198, H.D. 1.

Signed by all members of the Committees.

SCRep. 483 Consumer Protection and Commerce and Energy, Ecology and
Environmental Protection on H.C.R. No. 79

The purpose of this concurrent resolution is to request the permission of both the federal and state governments for the burning of higher sulfur content fuel oil at Hawaiian Electric Company's Kahe electric generating plant.

Your Committees find that between 1977 and 1978, the amount of sulfur dioxide in the air in the Kahe area produced by the Hawaiian Electric Company's generating facility exceeded the air quality standards of the Clean Air Act. Hawaiian Electric Company was thereafter required to burn only 0.5 per cent fuel oil instead of the 2 per cent fuel oil that was used previously. Your Committees further find that 1) the difference in cost between 2 per cent and 0.5 per cent fuel oil is estimated to be over \$50 million for the annual requirements of the Kahe facility; 2) Hawaiian Electric Company has recently completed construction of tall stacks designed to further disperse exhaust material; and 3) there is no conclusive data regarding health or environmental effects in inhabited areas from the burning of 2 per cent sulfur fuel oil since 1963.

Your Committees therefore believe that the substantial cost differential between 0.5 per cent and higher sulfur content fuel oils can be passed on to consumers as a savings, and recommends that burning of higher sulfur content fuel oil be allowed at the Kahe facility as long as no detrimental health effects are ascertainable.

Your Committees have also amended the concurrent resolution and title for purposes of clarity.

Your Committees on Consumer Protection and Commerce and Energy, Ecology and Environmental Protection concur with the intent and purpose of H.C.R. No. 79, as amended herein, and recommend its adoption in the form attached hereto as H.C.R. No. 79, H.D. 1.

Signed by all members of the Committees.

SCRep. 484 Consumer Protection and Commerce on H.B. No. 495

The purpose of this bill is to authorize open-end loans which are secured by a mortgage on the borrower's principal residence.

Under present law, Section 408-15(1)(8), Hawaii Revised Statutes, specifically prohibits securing open-end lending with a lien on the borrower's principal residence. Your Committee finds that the safeguards provided for open-end borrowing are sufficient to protect borrowers from overextending their credit and possible foreclosure of the family residence.

Your Committee finds from testimony presented that open-end borrowing, when utilized prudently, can be used to advantage by consumers, by making borrowing more convenient and by avoiding refinancing costs when additional loans are needed.

Your Committee also notes that Congress has recently passed into law an override of a restriction of the Federal Reserve Board similar to the present prohibition on open-end loans secured by mortgages on principal residences, and is therefore in agreement with the intent of this bill.

Your Committee has also made technical corrections to the bill.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 495, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 495, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 485 Transportation on H.B. No. 820

The purpose of this bill is to amend Section 291C-32 of the Hawaii Revised Statutes by amending subsection (a) to provide for the use of symbols, as well as words, in controlling pedestrian traffic.

Your Committee is in agreement that these symbols are presently in use and this amendment would clarify the law. The authorized use of symbols and/or words for controlling pedestrian traffic has been provided for in the current edition of the manual on "Uniform Traffic Control Devices". Installation of these symbols would not only be a benefit to our cosmopolitan population, but also to the non-English speaking visitors.

Testimony supporting this bill was submitted by the Department of Transportation and the City and County of Honolulu Department of Transportation Services.

Your Committee has amended H.B. No. 820 to provide for the correction of the typographical errors and existing statutory language unintentionally deleted from this bill.

Your Committee has further amended H.B. 820, Section 2 Page 6, line 4, to include and bracket the word "proceed" after the word "shall" and underscoring "complete the crossing". Section 2, Page 6, line 6, is also amended to include and underscore "or upraised palm" after "walk".

Your Committee is in accord with the intent and purpose of H.B. No. 820 as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 820, H.D. 1 and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 486 Judiciary on H.B. No. 200

The purpose of this bill is to amend Section 712-1247 of the Hawaii Revised Statutes, to allow the police department to destroy any marijuana in excess of ten pounds, which has been seized as evidence of a violation of this section, after it has been photographed, its weight recorded and after the expiration of 30 days. The bill also provides that the marijuana be available to the defendant and/or his counsel for their viewing and independent chemical analysis, prior to the expiration of the 30-day period.

Your Committee finds that with the increase in the number of marijuana cases being prosecuted, the amount of marijuana seized in a single case may amount to over 1,500 pounds. Thus, the storage and transportation of large amounts of marijuana is an increasing problem for the evidence technicians of the police department.

The testimony of the Honolulu Police Department, while supporting the intent of the

bill, recommended the police department be given the discretion to destroy any marijuana, seized as evidence, which weighed less than ten pounds, after it had been photographed and its weight recorded. Your Committee nonetheless recommends that the police department retain custody of any marijuana which is ten pounds or less.

Your Committee finds that smaller quantities of marijuana seized do not present the same problems as the seizure of larger quantities. The amount of storage space gained, if smaller quantities of seized marijuana were destroyed, would be negligible. Such gain would not justify the manpower and expense of photographing and weighing the evidence for small quantities of marijuana, as it would be less costly and time consuming to store the evidence until termination of any criminal action.

The prosecuting attorneys of the four counties, the State attorney general and the United States attorney all supported the passage of this bill.

Your Committee has amended H.B. No. 200, to provide that the police department be permitted to destroy any marijuana in excess of ten pounds after it has been photographed and its weight recorded, and after the expiration of 30 days. H.B. No. 200 has been amended to clarify the tolling of the 30-day period to begin after the date of arraignment of the person charged with a violation of this Section.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 200, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 200, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Ikeda.

SCRep. 487 Housing and Water, Land Use, Development and Hawaiian Affairs
on H.R. No. 52

The purpose of this resolution is to request the appropriate House committees to study the feasibility and appropriateness of the Hawaii Housing Authority acquiring public lands at below-market prices for housing development.

Your Committees find that land costs comprise a substantial portion of housing development costs and believe that the Hawaii Housing Authority could provide more affordable housing units if land costs could be lowered. One possible method of reducing land costs is the use of inter-agency land transfers. Another method is the utilization of land leases rather than land purchases for Hawaii Housing Authority projects.

Your Committees have amended the resolution to change the due date of the study to twenty days prior to the Regular Session of 1982. Your Committees have also amended the resolution by requesting that the study take into account the large amount of State lands which may be ceded lands held as a public trust by the State for the betterment of native Hawaiians.

Your Committees on Housing and Water, Land Use, Development and Hawaiian Affairs concur with the intent and purpose of H.R. No. 52, as amended herein, and recommend it be referred to your Committee on Legislative Management in the form attached hereto as H.R. No. 52, H.D. 1.

Signed by all members of the Committees.

SCRep. 488 Public Assistance and Human Services on H.R. No. 216

The purpose of this resolution is to request that a study be made and that legislation be proposed for the design, planning, construction, reconstruction, remodeling, leasing, and renting of public buildings and facilities that will reasonably accommodate the physically handicapped.

Your Committee requests that a study be conducted on existing requirements in plans for state and county buildings and facilities to accommodate the handicapped. Your Committee finds that Chapter 103, Hawaii Revised Statutes, enacted in 1965, required such accessibility to and useability of buildings and facilities by the handicapped and that such mandate has not yet been achieved; your Committee therefore requests such a study.

Your Committee is of the opinion that H.R. 216 requires amendment, and has made the following amendments:

1. That all counties in the State of Hawaii be requested to cooperate toward the realization of the goals of this resolution; and
2. That the Department of Accounting and General Services, with the cooperation of the Department of Social Services and Housing, be requested to conduct said study and propose appropriate legislation.

Your Committee on Public Assistance and Human Services concurs with the intent and purpose of H.R. No. 216, as amended herein, and recommends that it be referred to the Committee on Finance in the form attached hereto as H.R. No. 216, H.D. 1.

Signed by all members of the Committee.

SCRep. 489 Employment Opportunities and Labor Relations on H.B. No. 602

The purpose of this bill is to exempt foreign employers that are covered by the federal Employees Retirement Income Security Act of 1974 (ERISA) from the Hawaii Prepaid Health Care Act by amending Chapter 393 of the Hawaii Revised Statutes.

H.B. No. 602 was introduced as a short-form bill, which is sometimes referred to as a "vehicle" bill primarily used for convenience to introduce a bill containing only a general idea as to its purpose and means without specific details in long form. Your Committee has amended the bill to provide the substantive contents of the bill in long form so that a public hearing may properly be held on its substantive provisions. Without the amendment providing the substantive contents, members of the public cannot be duly apprised, in advance of the hearing, as to what the bill specifically purports to do and the specific means by which it intends to achieve the desired results. Thus, a hearing on a short-form bill may not be helpful, and a notice thereof could be less than meaningful.

Your Committee on Employment Opportunities and Labor Relations is in accord with the intent and purpose of H.B. No. 602, as amended herein, and recommends that it be recommitted to the Committee on Employment Opportunities and Labor Relations, for the purpose of holding a public hearing therein, in the form attached hereto as H.B. No. 602, H.D. 1.

Signed by all members of the Committee except Representatives Anderson and Medeiros.

SCRep. 490 Tourism and Consumer Protection and Commerce on H.B. No. 332

The purpose of this bill is to amend Section 486K of the Hawaii Revised Statutes such that a definition for "security boxes" be added and that hotel keepers not be held liable for any loss of valuables from security boxes to be installed in hotel rooms for the safe-keeping of valuables by guests.

Testimony was largely supportive of the purpose of the bill. For one thing, a concern in the testimony was directed toward the growing security needs faced by hotel guests due to crimes of theft committed in hotel rooms. Also, hotel keepers have been reluctant to expand security services for their guests without legal clarification covering the non-liability of the hotels due to loss of valuables in security boxes emplaced in hotel rooms.

Your Committees are in agreement that H.B. No. 332 needs further refinement such that any notice to be posted under Section 486K, regarding the use of security boxes in hotel rooms, include a clause indicating non-liability on the part of the hotel due to loss of valuables from the security boxes. For this reason, Section 2 of H.B. No. 332 shall be amended by changing lines 14 to 18 on page 2, as follows:

1. Deleting the phrase "sustained by the hotel guest if a security box is placed in the room of the guest when requested and" (lines 15 and 16), and inserting the phrase "from a security box if"; and
2. Deleting the period (line 18), and inserting the phrase "and that the hotel is not liable for any loss therefrom."

Your Committees also received testimony regarding the effective date of this Act upon its approval. Posting of notice requirements under Section 486K require 60 days

after approval of the Act. Hence, Section 4 is appropriately amended.

Your Committees on Tourism and Consumer Protection and Commerce are in accord with the intent and purpose of H.B. No. 332, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 332, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committees except Representative Liu.

SCRep. 491 Consumer Protection and Commerce and Judiciary on H.B. No. 1022

The purpose of this bill is to clarify Chapter 290, Hawaii Revised Statutes, regarding disposition of towed vehicles which have been abandoned.

Present law provides that towed and abandoned vehicles may be disposed of according to the terms of Chapter 290 relating to abandoned vehicles. In order to clarify the terms of disposal, this bill specifically provides that disposal of towed vehicles may be effected through the procedure of Section 290-21. This bill also provides that information regarding ownership of the vehicles shall be provided by the Department of Transportation or Motor Vehicle Licensing Division.

While in agreement with its intent, your Committees have amended the bill to provide that the various county departments of finance be the agency supplying ownership information instead of the Motor Vehicle Licensing Division since the City and County of Honolulu is the only county with such an agency. Your Committees have also amended the daily storage fee of \$2 to \$5 in accordance with the rate allowed by the Honolulu Police Department for contract towing.

Your Committees on Consumer Protection and Commerce and Judiciary are in accord with the intent and purpose of H.B. No. 1022, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 1022, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committees except Representative Liu.

SCRep. 492 Consumer Protection and Commerce and Housing on H.B. No. 1555

The purpose of this bill is to generally amend the filing fee arrangements for horizontal property regimes with the Department of Regulatory Agencies.

Under present law, the initial notice of intention fee is \$250, no fee is assessed for the issuance of the first public report, \$125 for the issuance of a subsequent public report, and \$75 for the issuance of a supplementary public report. Additionally, if the applicant wishes to expedite the application process and hire a private consultant to review the filings, he is reimbursed one-half of the relevant fee.

This bill would reduce the initial filing fee from \$250 to \$125, establish a \$125 fee for the issuance of the first public report, and deletes the reimbursement provision.

After hearing testimony from the Real Estate Commission that the reimbursement provision creates an unnecessary burden on its staff in administration, your Committees agree with the amendments proposed by this bill.

Your Committees on Consumer Protection and Commerce and Housing are in accord with the intent and purpose of H.B. No. 1555 and recommend that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committees.

SCRep. 493 Consumer Protection and Commerce on H.B. No. 1769 (Majority)

The purpose of this bill is to extend the repeal date of Chapter 441, Hawaii Revised Statutes, relating to cemeteries and mortuaries, from December 31, 1981 to December 31, 1987, to amend the existing chapter by deleting the Cemetery and Mortuary Board, and to make other technical changes to the chapter.

Under Chapter 26H, Hawaii Revised Statutes, the various boards and commissions

regulated by state law under the Department of Regulatory Agencies are scheduled for periodic review by the legislature to determine whether or not the regulatory program should be continued. Pursuant to this "sunset" law, the statutes governing the Cemetery and Mortuary Board are due to be repealed on December 31, 1981. This bill would extend the board until December 31, 1987.

Your Committee heard testimony from various representatives of the industry and received the Sunset Evaluation Report prepared by the Legislative Auditor. Your Committee agrees with the recommendations of the auditor and has made the following changes to Chapter 441:

- 1) Delete the Cemetery and Mortuary Board and place its responsibilities under the Director of Regulatory Agencies;
- 2) Delete licensing requirements for cemetery or pre-need funeral salesmen;
- 3) Require licensees to establish a trust pursuant to the chapter and to file financial reports regarding trust obligations;
- 4) Delete bond requirements for mortuaries and salesmen;
- 5) Require trusts to be administered by an independent fiduciary who shall ensure that the trust is financially sound for its intended purpose, and who shall file an accounting with the Department on an annual basis;
- 6) Review the bond amount required of cemeteries and pre-need funeral authorities;
- 7) Establish a plain language requirement for sales contracts and require such contracts to contain relevant information concerning the trust and refunds.

Your Committee has, however, amended the bill to 1) continue the bond requirement of \$50,000 for cemeteries and pre-need funeral authorities, 2) retain the requirement that 30 percent or the difference between the contract price and the cost of pre-need funeral services be deposited in the trust, and 3) delete the plain language requirement since it is covered under Act 36, 1980.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 1769, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1769, H.D. 1, and be placed on the calendar for Third Reading.

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

SCRep. 494 Consumer Protection and Commerce and Housing on H.B. No. 1511

The purpose of this bill is to define and authorize wraparound loan mortgages for the financing of real property.

Under present law, wraparound financing for real property is prohibited unless the interest rate complies with the 12 per cent usury limit since it is secured by property upon which there exists a prior lien.

This bill would specifically exempt wraparound junior liens from existing usury limits. Your Committees heard testimony that such financing will aid potential homeowners by providing an opportunity to obtain financing at a lower rate of interest than would be obtainable should they be required to pay off an existing mortgage with their own initial financing secured by a new first mortgage. Your Committees feel that it would aid potential homebuyers if they are allowed to take advantage of the difference between the relatively low interest rate on a seller's first mortgage and the high currently prevailing interest rates. Your Committees find that in certain fact situations, wraparound financing can be beneficially used to provide a homebuyer with an annual rate of interest below the current levels and still provide the lender with a competitive effective rate of return.

Your Committees are therefore in accord with the bill insofar as it will provide a benefit to and aid the potential homebuyer in financing purchases of real property.

Your Committees have made a technical correction to the bill.

Your Committees on Consumer Protection and Commerce and Housing are in accord with the intent and purpose of H.B. No. 1511, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 1511, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committees.

SCRep. 495 Public Assistance and Human Services and Health on H.C.R. No. 18

The purpose of this concurrent resolution is to request Hawaii's Congressional Delegation to closely monitor and vigorously support the enactment of federal legislation to promote and adequately fund the use of community-based, noninstitutional long-term care, such as home health care and homemaker, chore, and adult day care services, as an alternative to institutionalization which is often costly and inappropriate.

Your Committees find that although the state provides some such home health care services, existing federal programs and funding levels work against the maximum utilization of such services. While the 96th Congress introduced but failed to report out of Committee S. 2809 which consolidated and provided for such care under a new title of the Social Security Act, such initiatives are deemed vital to meeting the long-term care needs of our State, and are worthy of vigorous support by Hawaii's Congressional delegation.

Your Committees on Public Assistance and Human Services and Health concur with the intent and purpose of H.C.R. No. 18 and recommend its adoption.

Signed by all members of the Committees.

SCRep. 496 Public Assistance and Human Services and Health on H.R. No. 60

The purpose of this resolution is to request Hawaii's Congressional Delegation to closely monitor and vigorously support the enactment of federal legislation to promote and adequately fund the use of community-based noninstitutional long-term care, such as home health care and homemaker, chore, and adult day care services, as an alternative to institutionalization which is often costly and inappropriate.

Your Committees find that although the State provides such home health care services, existing federal programs and funding levels are insufficient to meet current needs and work against the maximum utilization of such services. While the 96th Congress introduced, but failed to report out of Committee S. 2809 which consolidated and provided for such care under a new Title of the Social Security Act, such initiatives are deemed vital to meeting the long-term care needs of our State and are worthy of support by Hawaii's Congressional Delegation.

Your Committees on Public Assistance and Human Services and Health concur with the intent and purpose of H.R. No. 60 and recommends its adoption.

Signed by all members of the Committees.

SCRep. 497 Judiciary on H.B. No. 597

The purpose of this bill is to strengthen Hawaii's obstruction of justice laws by making retaliation against a witness or juror, on account of his testifying as a witness or performing his duties as a juror, a class C felony.

Your Committee finds that under present law, if a person uses force upon or threatens a witness or juror during a trial, he could be charged with a class C felony under §710-1071 (intimidating a witness) or a class B felony under §710-1074 (intimidating a juror). However, if such actions occurred after the trial because of what happened during the trial, such a person could be charged with a felony only if a dangerous instrument were used or serious bodily injury occurred. Your Committee feels that a witness or juror should be protected before, during the after a trial.

Your Committee believes that this bill will remedy the present incongruous situation by making the use of such force or threats against a witness or juror a separate crime and designating it a class C felony. Moreover, this bill would also cover the situation where a person damages the property of a witness or juror on account of his testifying

or performing his duties as a juror.

However, your Committee has made two technical amendments to this bill by changing the reference to §707-724 to §707-764(1) to reflect the fact that the former section was repealed in 1979 and consolidated into the latter section.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 597, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 597, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 498 Judiciary on H.B. No. 460

The purpose of this bill is to clarify the existing law on incest to provide for the inclusion of legally adopted child within the provisions of the existing incest law.

Your Committee finds that §578-16, Hawaii Revised Statutes states that for all purposes an adopted individual and his adopting parent(s) have the same legal relationship as natural parent(s) and child as provided in the uniform Probate Code. However, the testimony of the Maui Prosecuting Attorney, indicates that the current statute on incest may not cover an adopted child.

Your Committee feels that the proposed bill is necessary to eliminate the possibility that an incest between the adopted child and an adoptive parent will not be prosecuted due to lack of clarity in the law.

Your Committee has amended the bill to provide that a person may also be charged with the offense of incest if he commits an act of sexual intercourse with a child placed in the person's legal custody pendente lite or after decree and before adoption.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 460 as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 460, H.D. 1 and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 499 Judiciary on H.B. No. 84

The purpose of this bill is to shift from the State to a criminal defendant, the burden of proving by a preponderance of the evidence, the defense that the defendant is excluded from responsibility due to physical or mental disease, disorder, or defect.

Presently, whenever this defense is asserted the State has the burden of proving beyond a reasonable doubt all the material elements of the substantive offense charged, including the element of the defendant's state of mind. Therefore, the State must prove that the defendant had substantial capacity to appreciate the wrongfulness of his conduct or to conform his conduct to the requirements of law. In this adversarial forum, once the defendant has asserted the defense of insanity, the State has a two-fold burden:

- (1) that of proving all of the elements of the substantive offense, and
- (2) that of proving that the defendant was
 - (a) not suffering from one of the enumerated infirmities, or
 - (b) if suffering from one of the enumerate infirmities, that such infirmity did not cause the defendant to lack substantial capacity to
 - (i) appreciate the wrongfulness of his conduct, or
 - (ii) conform his conduct to the requirements of law.

Your Committee recognizes that placing the burden of proof by a preponderance of the evidence upon the defendant relying on the defense does not deprive the defendant of any substantial rights; the defense of insanity itself is not curtailed. And the State retains its burden of proving beyond a reasonable doubt the elements of the substantive offense, including the mens rea or state of mind.

Indeed, the United States Supreme Court has upheld, under the Due Process Clause, the constitutionality of an Oregon statute which requires criminal defendants to prove the defense of insanity beyond a reasonable doubt. Leland v. Oregon, 343 U.S. 790 (1952). And in Rivera v. Delaware, 429 U.S. 877 (1976), the Court reconfirmed the constitutionality of imposing upon a defendant the burden of proving by a preponderance of the evidence the defense of insanity. Affirmative defenses in such cases, then, have clearly withstood constitutional challenge.

Your Committee has amended this bill by placing the provision for insanity as an affirmative defense in a new section of Chapter 704. Because this bill proposes to shift the burden of proof whenever the defense is raised, placing the provision apart from Section 704-402 will emphasize the defense and avoid any possible confusion that may arise.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 84, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 84, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 500 Judiciary on H.B. No. 339

The purpose of this bill is to provide the election officials with a method for dealing with a situation where the number of candidates seeking an elective office exceeds the space available on a single side of an electronic voting system card.

The current law enacted in 1979, requires that the names of all candidates seeking the same office be printed on the same side of the ballot card. This provision was made to prevent the capricious placement of some candidates' names on the reverse side of the ballot card. Thus, under the current law, if the number of candidates seeking the same office is greater than the number of spaces available on one side of the electronic ballot card, the election officials must revert to a paper ballot system for the contest.

Your Committee has amended the bill to provide that in cases where the number of candidates exceeds the number of spaces on an electronic ballot card, a separate ballot card shall be used. This method will eliminate the possible confusion and disadvantage that may arise when candidates for the same office are listed on both sides of a ballot card.

Your Committee recognizes that instances in which the number of candidates seeking the same elective office exceeding the number of spaces available on the face of an electronic ballot card will be extremely rare. Nonetheless, such an eventuality must be provided for before it arises.

The office of the Lieutenant Governor has testified that the additional cost of printing resulting from the use of separate ballot cards rather than printing on both sides of a single card is very small.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 339, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 339, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 501 Judiciary on H.B. No. 549

The purpose of this bill is to allow a police officer or other officer of justice to make an arrest for any offense, if he has sufficient probable cause to believe that an offense has been committed. This bill changes the present law to include petty misdemeanors and violations.

The current law, which was amended by Act 105, SLH 1980, requires an officer's presence during the commission of a petty misdemeanor or violation before an arrest can be made. Under this law, officers are powerless to act unless they personally witness the incident. Your Committee feels that the law, in its present form, places an undue restriction on the law enforcement officers.

Your Committee feels that H.B. No. 549 succeeds in eliminating this unnecessarily strict requirement. This bill also makes the criteria for arrest uniform, whether the

crime is committed in the officer's presence or otherwise.

Your Committee has made a technical non-substantive change to the bill.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 549, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 549, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 502 Public Assistance and Human Services on H.R. No. 97

The purpose of this resolution is to have the House of Representatives of the Eleventh Legislature of the State of Hawaii, Regular Session of 1981, recognize and celebrate 1981 as the International Year of Disabled Persons and reaffirm and support the State's efforts in meeting the needs and problems of the handicapped.

Your Committee finds that the year 1981 has been proclaimed by the United Nation's General Assembly as the International Year of Disabled Persons and by the Honorable George Ariyoshi as the International Year of Disabled Persons in Hawaii to affirm and recognize the unique contributions and special needs of those persons with physical and mental disabilities. Your Committee further supports the progress made in addressing the needs and problems of the disabled by affirming a commitment to the programs and development of services to the disabled at the State level and finds this an opportune time to declare such support by the House of Representatives of the Eleventh Legislature of the State of Hawaii, Regular Session of 1981.

Your Committee on Public Assistance and Human Services concurs with the intent and purpose of H.R. No. 97 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 503 Public Assistance and Human Services on H.C.R. No. 25

The purpose of this concurrent resolution is to have the Senate and the House of Representatives of the Eleventh Legislature of the State of Hawaii, Regular Session of 1981, recognize and celebrate 1981 as the International Year of Disabled Persons and reaffirm and support the State's efforts in meeting the needs and problems of the handicapped.

Your Committee finds that the year 1981 has been proclaimed by the United Nation's General Assembly as the International Year of Disabled Persons and by the Honorable George Ariyoshi as the International Year of Disabled Persons in Hawaii to affirm and recognize the unique contributions and special needs of those persons with physical and mental disabilities. Your Committee further supports the progress made in addressing the needs and problems of the disabled by affirming a commitment to the programs and development of services to the disabled at the State level and finds this an opportune time to declare such support by the Senate and the House of Representatives of the Eleventh Legislature of the State of Hawaii, Regular Session of 1981.

Your Committee on Public Assistance and Human Services concurs with the intent and purpose of H.C.R. No. 25 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 504 Health on H.B. No. 506

The purpose of this bill is to ensure the provision of adequate services for the prevention and treatment of communicable diseases in the State of Hawaii.

H.B. No. 506 was introduced as a short-form bill, which is sometimes referred to as a "vehicle" bill primarily used for convenience to introduce a bill containing only a general idea as to its purpose and means without specific details in long form. Your Committee has amended the bill to provide the substantive contents of the bill in long form so that a public hearing may properly be held on its substantive provisions. Without the amendment providing the substantive contents, members of the public cannot be duly apprised, in advance of the hearing, as to what the bill specifically purports to do and the specific

means by which it intends to achieve the desired results. Thus, a hearing on a short-form bill may not be helpful, and a notice thereof could be less than meaningful.

Your Committee on Health is in accord with the intent and purpose of H.B. No. 506, as amended herein, and recommends that it be recommitted to the Committee on Health, for the purpose of holding a public hearing thereon, in the form attached hereto as H.B. No. 506, H.D. 1.

Signed by all members of the Committee.

SCRep. 505 Health on H.R. No. 82

The purposes of this resolution are to request the Director of Health (1) to study the feasibility of changing the status of the Waimano Training School and Hospital to that of a branch of the Family Health Services Division, or other division within the Department in order to maximize the integration and coordination of in-patient and out-patient services to recipients of the services, and (2) examine other administrative changes which will improve planning, programming, coordination, and communication within the Department.

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

Signed by all members of the Committee.

SCRep. 506 Health on H.R. No. 48

The purpose of this resolution is to request the Department of Health to monitor and evaluate the Pilot Day Hospital Project at Maluhia Hospital, which project is intended to demonstrate a cost-effective and more beneficial alternative to 24-hour long-term institutionalization. This project will serve twelve persons who are able to live independently at home, but who require health services during the day.

Your Committee finds that the placement of individuals in higher than necessary level of long-term care is a major factor in the escalation of health care costs. A report on the findings of the Pilot Day Hospital Project at Maluhia Hospital would provide the Legislature with necessary, useful information regarding the need to develop similar programs and related health support services in the State which are alternatives to long-term institutional care.

Your Committee on Health concurs with the intent and purpose of H.R. No. 48 and recommends that it be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 507 Health on H.C.R. No. 16

The purpose of this concurrent resolution is to request the Department of Health to monitor and evaluate the Pilot Day Hospital Project at Maluhia Hospital, which project is intended to demonstrate a cost-effective and more beneficial alternative to 24-hour long-term institutionalization. This project will serve twelve persons who are able to live independently at home, but who require health services during the day.

Your Committee finds that the placement of individuals in higher than necessary level of long-term care is a major factor in the escalation of health care costs. A report on the findings of the Pilot Day Hospital Project at Maluhia Hospital would provide the Legislature with necessary, useful information regarding the need to develop similar programs and related health support services in the State which are alternatives to long-term institutional care.

Your Committee on Health concurs with the intent and purpose of H.C.R. No. 16 and recommends that it be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 508 Health and Public Assistance and Human Services on H.R. No. 47

The purpose of this resolution is to request the Legislative Auditor to review and identify the federal statutes and regulations regarding Medicaid reimbursement and payments which hamper the promotion of less costly and more appropriate alternatives to long-term institutional care; and to recommend, if feasible, a state system of reimbursement and payment which would more effectively promote such alternative health care services.

Your Committees finds that the cost of providing institutional care under the Medicaid program has increased substantially and that the inappropriate placement of individuals in long-term care facilities who require lesser services is a major contributing factor. Although community-based alternatives to long-term institutional care may be more cost-effective and have other beneficial effects, current federal statutes and regulations concerning Medicaid may impede their development because of a lack of proper reimbursement or payment mechanisms to providers of health care services under the Medicaid program.

Your Committees on Health and Public Assistance and Human Services concurs with the intent and purpose of H.R. No. 47 and recommends that it be referred to the Committee on Finance.

Signed by all members of the Committees.

SCRep. 509 Health and Public Assistance and Human Services on H.C.R. No. 14

The purpose of this concurrent resolution is to request the Legislative Auditor to review and identify the federal statutes and regulations regarding Medicaid reimbursement and payments which hamper the promotion of less costly and more appropriate alternatives to long-term institutional care; and to recommend, if feasible, a state system of reimbursement and payment which would more effectively promote such alternative health care services.

Your Committees finds that the cost of providing institutional care under the Medicaid program has increased substantially and that the inappropriate placement of individuals in long-term care facilities who require lesser services is a major contributing factor. Although community-based alternatives to long-term institutional care may be more cost-effective and have other beneficial effects, current federal statutes and regulations concerning Medicaid may impede their development because of a lack of proper reimbursement or payment mechanisms to providers of health care services under the Medicaid program.

Your Committees on Health and Public Assistance and Human Services concurs with the intent and purpose of H.C.R. No. 14 and recommends that it be referred to the Committee on Finance.

Signed by all members of the Committees.

SCRep. 510 Energy, Ecology and Environmental Protection on H.B. No. 1464
(Majority)

The purpose of this bill is to establish a new Department of Environment to consolidate the State's programs and activities relating to environmental protection and water resources management, conservation, and protection.

Your Committee has amended the bill to provide the substantive contents of the bill in long form so that a public hearing may properly be held on its substantive provisions. Without the amendment providing the substantive contents, members of the public cannot be duly apprised of the specific intent of this bill and the means by which it will achieve the desired results. Thus, a hearing on a short-form bill may not be helpful, and a notice thereof could be less than meaningful.

Your Committee on Energy, Ecology and Environmental Protection is in accord with the intent and purpose of H.B. No. 1464, as amended herein, and recommends that it be recommitted to the Committee on Energy, Ecology and Environmental Protection, for the purpose of holding a public hearing thereon, in the form attached hereto as H.B. No. 1464, H.D. 1.

Signed by all members of the Committees.
(Representatives Isbell and Monahan did not concur.)

SCRep. 511 Judiciary on H.B. No. 570

The purpose of this bill is to make it mandatory that the property seized in an illegal gambling activity be automatically forfeited without the hearing requirement of §701-119, where the court is satisfied by a preponderance of the evidence that the owner allowed the illegal use of his property.

The present statute requires a hearing by the court on a motion by the State for forfeiture, with notice to interested parties and intervention by the claimants as provided under §701-119, Hawaii Revised Statutes.

Your Committee has amended the bill to retain the requirements of a hearing by the court on a motion by the state for forfeiture under §701-119. The Committee is of the opinion that a hearing is necessary to provide the owners or other claimants the opportunity to be heard. For example, the owner may wish to prove that the illegal use was without the owner's knowledge. The bill has also been amended by deleting a comma between the words "animals" and "or birds" to clarify the existing language of the statute that only the paraphernalia used on fighting animals or birds is subject to forfeiture, and not the birds themselves.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 570 as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 570, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 512 Consumer Protection and Commerce on H.B. No. 368

The purpose of this bill is to delete common carriers by air from the definition of public utility.

Under present law, regulation of common carriers by air by the State is limited to examination of each affected carrier's financial transactions. The bulk of all airline regulation is under the jurisdiction of the Civil Aeronautics Board. Your Committee notes that there presently exists some uncertainty as to the authority of the State in regard to taxing airlines under its jurisdiction.

This bill would resolve these questions by eliminating all regulation by the State of airlines as a public utility.

While in accord with the intent of the bill, your Committee has amended it to specifically exempt common carriers by air from the definition of public utility. Your Committee feels that this amendment better expresses the intent of the bill. In order to complete the deletion of air carriers from Chapter 269, Hawaii Revised Statutes, your Committee has also deleted section 269-24 and appropriate references to the public utilities fee in section 269-30.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 368, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 368, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Ikeda.

SCRep. 513 Health on H.B. No. 732

The primary purpose of this bill is to amend sections 340E-7 and 340E-8, Hawaii Revised Statutes, to respectively: (1) specify new prohibited acts under chapter 340E and (2) specify penalties for civil and criminal violations of State safe drinking water laws.

Testimony presented to your Committee by the Department of Health indicates that the above cited amendments will bring State safe drinking water laws into conformity with federal requirements relating to underground injection control of wastewaters and will better protect public water systems by assuring compliance of all persons with State Primary Drinking Water Regulations.

Your Committee concurs with the Department but finds that the proposed criminal penalty for violation of the underground injection control regulations is not an adequate

deterrent. Your Committee has therefore amended section 2, page 3 of the bill to raise the penalty from \$5,000 to \$7,500 per day of violation.

Your Committee is in accord with the intent and purpose of H.B. No. 732, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 732, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 514 Public Assistance and Human Services on H.B. No. 786

The purpose of this bill is to require that an immigrant sponsor of an alien be responsible for support of the immigrant up to three years after the immigrant's arrival in the United States.

The proposal is consistent with recently enacted federal law in the Supplemental Security Income (SSI) Program, which restricts assistance to newly arrived aliens admitted for permanent residence. The law makes the alien's sponsor's responsibility for support, legally enforceable. Currently, once an immigrant alien has permanent status, the individual is eligible for public assistance under the same condition as a citizen and without consideration of income and resources of the sponsor. This law will close the loophole in the SSI program. Without such a law, such persons denied SSI will seek state welfare payments. Proposed legislation accommodates circumstances in which a resident alien becomes disabled or blind after entry into the United States.

Your Committee on Public Assistance and Human Services is in accord with the intent and purpose of H.B. No. 786 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 515 Consumer Protection and Commerce on H.B. No. 1471

The purpose of this bill is to amend state requirements relating to the amount of reserve required of state-chartered banks.

Under present state law, state banks shall retain at least 12 percent of total demand deposits, five percent of its total time deposits, and five percent of its total savings deposits, in actual cash, as a reserve requirement.

Your Committee finds that under the Federal Monetary Control Act of 1980, Public Law 97-221, March 31, 1980, all banks in the United States, whether members of the Federal Reserve Board or not, will be required to conform to the federal reserve requirement. The federal reserve requirement will take effect over an eight-year period, with each bank required to hold one-eighth of the total reserve requirement in the first year, two-eighths in the second year and so forth, until the total requirement is met in the eighth year and thereafter.

This bill would eliminate any duplication in reserve requirements on the federal and state levels by allowing state reserve requirements to be phased out in the same manner that the federal requirement is phased in. During the first year, when federal law requires one-eighth of the total reserve to be held, state law would require only seven-eighths of the present state requirement to be held, during the second year when two-eighths of the reserve are required by federal law, six-eighths of the state reserve requirement will be required and so forth, until the eighth year when state requirements will be phased out entirely.

Your Committee notes that Hawaii has been granted an exemption from federal law until 1986 when the phasing in of the reserve requirement will begin. Your Committee agrees with the intent of the bill to avoid duplication in bank reserve requirements.

Your Committee has made technical changes to the bill.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 1471, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1471, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 516 Finance on H.B. No. 1763 (Majority)

The purpose of this bill is to extend the time for the report due from the tax review commission.

The commission is required to conduct a systematic review of the State's tax structure and under the present timetable the commission must submit its report to the legislature by September of 1981. Your Committee finds that an extension appears necessary to give the commission more than a mere 17 months in which to accomplish its task. The amendments proposed by this bill grant the commission approximately 15 additional months to complete its evaluation of the State's tax structure and to submit its recommendations. Your Committee agrees that the amendments proposed by this bill are in order.

Your Committee has amended this bill further amending HRS section 232E-3 by bracketing the words "one hundred twenty" and adding the word "thirty" underscored on line 5.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 1763, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1763, H.D. 1, and be placed in the calendar for Third Reading.

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

SCRep. 517 Transportation on H.B. No. 160

The purpose of this bill is to repeal Chapter 365, Hawaii Revised Statutes, and to substitute in its place, a new chapter concerning county highways, sidewalks and wharves.

H.B. No. 160 was introduced as a short-form bill, which is sometimes referred to as a "vehicle" bill primarily used for convenience to introduce a bill containing only a general idea as to its purpose and means without specific details in long form.

Your Committee has amended the bill to provide the substantive contents of the bill in long form so that a public hearing may properly be held on its substantive provisions. Without the amendment providing the substantive contents, members of the public cannot be duly apprised, in advance of the hearing, as to what the bill specifically purports to do and the specific means by which it intends to achieve the desired results. Thus, a hearing on a short-form bill may not be helpful, and a notice thereof could be less than meaningful.

Your Committee on Transportation is in accord with the intent and purpose of H.B. No. 160, as amended herein, and recommends that it be recommitted to the Committee on Transportation, for the purpose of holding a public hearing thereon, in the form attached hereto as H.B. No. 160, H.D. 1.

Signed by all members of the Committee except Representatives
D. Hagino, Nakasato, Say and Medeiros.

SCRep. 518 Consumer Protection and Commerce and Judiciary on H.B. No. 1657

The purpose of this bill is to permit the State to recover threefold damages where violations of state antitrust laws are proven.

Under present law, the State is authorized to recover only its actual damages.

Your Committees heard testimony from the Antitrust Division of the Department of the Attorney General stating that recovery of treble damages will be limited to only those cases where the State is actually damaged and not those cases where it brings an action in the capacity of parens patriae. Your Committees agree that this bill may have the effect of deterring the violation of state antitrust laws where the State may be a victim, and are therefore in agreement with the intent of the bill.

Your Committees on Consumer Protection and Commerce and Judiciary are in accord with the intent and purpose of H.B. No. 1657 and recommend that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committees.

SCRep. 519 Health on H.B. No. 733

The purpose of this bill is to more clearly define the scope of services of the State Comprehensive Emergency Medical Services System by amending the appropriate sections of Chapter 321, Hawaii Revised Statutes, so as to: (1) limit State responsibility to only the pre-hospital phase of patient care, thereby eliminating State responsibility in interfacility transfers of nonemergency patients, emergency rooms, and in-patient areas of hospitals; (2) provide for the appointment of experienced Emergency Medical Specialists as members of the State Emergency Medical Services Advisory Committee; and (3) remove the responsibility for providing emergency medical training programs from the counties.

Your Committee on Health is in accord with the intent and purpose of H.B. No. 733 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 520 Health and Education on H.B. No. 1679

The purpose of this bill is to permit school health aides to assist students by administering oral and topical medication under certain conditions.

The Department of Health testified that alternatives to this approach tried during the fall of 1980 caused considerable disruption and hardship on students, parents, and Department of Education staff.

Your committees agree with the testimonies of the Department of Health and the Department of Education and find that this is an essential service to students who must have oral or topical medication administered during school hours in order that they remain in school.

Your Committees on Health and Education are in accord with the intent and purpose of H.B. No. 1679 and recommend that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committees.

SCRep. 521 Water, Land Use, Development and Hawaiian Affairs on H.B. No. 764

The purpose of this bill is to amend section 195D-5, Hawaii Revised Statutes, by making three amendments to said law: (1) prohibiting the taking of endangered wildlife for educational purposes to conform with federal law (P.L. 93-205, 87 Stat. 884); (2) broadening the scope of the law by substituting the words "birds and mammals" with the word "wildlife"; and (3) substituting the word "regulation" in subsection (f) with the word "rule" to be in conformance with recent legislative mandates to modernize and codify statutes and rules.

Your Committee finds that the State has been advised by the U.S. Fish and Wildlife Service that the State may not issue permits to take (kill or capture) endangered species for educational purposes because Federal law (P.L. 93-205, 87 Stat. 884) prohibits same and state law may not be more liberal. Further, the Department of Land and Natural Resources has been advised that it will not be eligible to receive Federal grant-in-aid monies under the Endangered Species Act of 1973 until such authority is rescinded.

Your Committee is in agreement with testimony received by the Board of Land and Natural Resources that this bill will bring our laws relating to endangered species into conformity with Federal Law, establish our eligibility to receive Federal endangered species grant-in-aid funds, broaden our Department's authority to conduct conservation programs for all types of wildlife, and effect necessary technical changes in language to conform with recent legislative mandates to modernize and codify statutes and rules.

Your Committee on Water, Land Use, Development and Hawaiian Affairs is in accord with the intent and purpose of H.B. No. 764 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 522 Judiciary on H.B. No. 1881

The purpose of this bill is as follows:

1. Clarify the language of the statute to specify that for a marriage to be valid, the ceremony must be performed by a person with a valid license to solemnize marriages.
2. Establish fee for a license to solemnize marriages.
3. Specify the time in which the person who solemnize the marriage should file the marriage certificate.
4. Expressly provide for revoking or suspending a license to solemnize marriages if the person holding the license fails to abide by the statutes or regulations.

Your Committee finds that the changes proposed by the bill to clarify the statute is desirable and necessary. The Committee feels that the imposition of a fee to solemnize marriages is not justified at this time and, therefore, the bill has been amended to delete the provision for establishment of a fee of \$25.00 to obtain a license to solemnize marriages.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 1881, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1881, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 523 Water, Land Use, Development and Hawaiian Affairs on H.B. No. 725

The purpose of this bill is to amend section 209 of the Hawaiian Homes Commission Act, 1920, by reducing the Hawaiian blood requirement necessary for the spouse and offspring of a homestead lessee to qualify as successors to a homestead lease, eliminating the requirement that a lessee designate a successor to a lease at the time of a homestead award, and allowing the Department of Hawaiian Home Lands to select a successor to a lease in the event the lessee fails to designate a successor upon his death.

Under the present law, the spouse or offspring of a homestead lessee must be of at least fifty percent Hawaiian blood to qualify as a successor to the homestead lease. This bill will reduce the blood requirement to one-quarter Hawaiian.

In addition, the law requires a lessee of a homestead to designate a successor to the lease at the time the homestead award is granted. This bill will eliminate this requirement, provide for statutory flexibility with respect to when a successor to a lease may be named and allow the Department of Hawaiian Home Lands upon the death of a lessee to select a successor to the lease and to award the lease to a qualified surviving spouse or if there is no qualified surviving spouse to a qualified offspring in the event the lessee has not designated a successor to the lease.

Your Committee is in agreement with testimony received from the State Department of Hawaiian Home Lands and native Hawaiians that this bill will help ensure that homesteading families have increased continuity in ancestral lands, provide a greater incentive for homesteaders to improve and maintain their homesteads, and advance the purposes of the Hawaiian Homes Commission Act, 1920.

Your Committee on Water, Land Use, Development, and Hawaiian Affairs is in accord with the intent and purpose of H.B. No. 725 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 524 Water, Land Use, Development and Hawaiian Affairs on H.B. No. 759

The purpose of this bill is to correct the line of descent applicable to certificates of occupation and homestead leases in §171-99(e), Hawaii Revised Statutes.

Section 171-99(e), Act 17, SLH 1980, was meant to correct what appears to be discrimination on the basis of sex in the wording of Section 171-99(e) (5) and (6), Hawaii Revised Statutes.

Prior to Act 17, the line of succession of certificates of occupation and homestead leases gave first priority to the father when there were no surviving grandchildren, then to the mother if there were no surviving father. The father's rights were preferred over those of the mother. Act 17 was meant to correct this inequity by establishing the priorities in accordance with the uniform probate code which gives equal preference to males (fathers) and females (mothers).

Section 171-99(e), Hawaii Revised Statutes, as amended by Act 17, however, vests and passes the interest of the occupier or lessee in accordance with the line of succession set forth in Sections 560:2-102, 560:2-103, and 560:2-105. The line of succession set forth in Sections 560:2-102 and 560:2-103 disrupts the original line of succession that has been used for certificates of occupation and homestead leases since the issuance thereof in that under Section 560:2-102 (probate code), the surviving spouse would get only one-half of the estate where there is a surviving issue or parent whereas under the prior line of succession listed for such certificates and leases, the surviving spouse would have received the entire estate and thereby avoid the family dispute with the issues of the deceased.

To eliminate the discrimination problem, the word "parent" is substituted for "father" or "mother", i.e. section 177-99(e) (5) and (6).

This bill establishes the priorities as originally intended, yet correcting the discrimination on the basis of sex in the original wording of Section 171-99(e), Hawaii Revised Statutes.

Your Committee on Water, Land Use, Development and Hawaiian Affairs is in accord with the intent and purpose of H.B. No. 759, and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 525 Energy, Ecology and Environmental Protection on H.B. No. 771

The purpose of this bill is to amend Section 125C-4, Hawaii Revised Statutes, by clarifying the ambiguity regarding the appropriate procedures the governor may institute to amend or repeal emergency gas shortage rules.

Under current law, the governor has the statutory authority during a gasoline shortage to adopt emergency gasoline shortage rules. These rules may be adopted by the governor without prior notice or hearing or upon abbreviated notice or hearing. These emergency rules are effective for a period not longer than one hundred twenty days without renewal.

Your Committee is in agreement that while it is clear that prior notice or hearing may be dispensed with for rules adopted by the governor during a gasoline shortage, it is not clear whether such rules may be subsequently repealed or amended without prior notice or hearing or upon abbreviated notice or hearing when a shortage no longer exists prior to the expiration of the one hundred twenty day period. H.B. No. 771 will clarify the appropriate procedure for repealing or amending emergency gasoline shortage rules.

Your Committee on Energy, Ecology and Environmental Protection is in accord with the intent and purpose of H.B. No. 771 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 526 Energy, Ecology and Environmental Protection on H.B. No. 1595

The purpose of this bill is to amend Section 343-6, Hawaii Revised Statutes, by removing the authority given the Environmental Quality Commission to formulate, repeal, or amend regulations for the Environmental Impact Statement process and by providing procedures by which an administrative appeal can be made to the Environmental Quality Commission for determinations made by agencies that an Environmental Impact Statement is not required.

Under current law, the only recourse for those wishing to challenge a determination that an Environmental Impact Statement is not required (a "negative declaration") is through legal action. This is an expensive and time-consuming process.

Your Committee is in agreement that providing for an administrative appeal to the Environmental Quality Commission will allow those parties affected by a negative declaration an opportunity to challenge the determination thereby encouraging greater citizen interest and participation. Since the Environmental Quality Commission is already responsible for developing and promulgating the rules and regulations of the Environmental Impact Statement process, it is qualified and capable of determining whether an agency's negative declaration was valid or not.

Your Committee is also in agreement that an administrative appeal process will prevent needless court cases from arising thereby relieving some of the already heavy demands placed on our court system.

H.B. No. 1595 has been amended by retaining those provisions authorizing the Environmental Quality Commission to formulate, repeal, or amend regulations for the Environmental Impact Statement process.

Your Committee on Energy, Ecology and Environmental Protection is in accord with the intent and purpose of H.B. No. 1595, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1595, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 527 Consumer Protection and Commerce on H.B. No. 1736

The purpose of this bill is to permit the Real Estate Commission to contract with a testing service to administer real estate examinations to applicants for licenses.

Under present law, the Real Estate Commission processes both the applications for real estate examinations and the subsequent applications for licenses from those applicants who successfully complete the examination. Your Committee finds that the rapid increase in activity in the real estate field has become a burden on the examination function of the commission. In 1980, the commission received 6,725 salesman applications and 965 broker applications.

This bill would permit the commission to contract for the administration of the examinations with an appropriate testing service. Procedures governing the application, examination, fees, and application for salesman's or broker's real estate license are to be designated by rules adopted pursuant to the Hawaii Administrative Procedure Act. Your Committee is in agreement with the bill insofar as it will streamline the application and licensing procedure.

Your Committee has, however, amended the bill for clarification and to correct technical errors.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 1736, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1736, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 528 Consumer Protection and Commerce on H.B. No. 1484

The purpose of this bill is to raise the statutory vote of shareholders required to approve an extension or renewal of the duration of a corporation originally chartered for a term of years and to provide non-approving voters or non-voters a right of compensation for their shares.

Under present law, two-thirds of the issued and outstanding shares of stock are required to extend the duration of a corporation originally incorporated for a term of years.

This bill would raise this requirement to three-fourths of the outstanding shares. This bill also adds a provision giving non-approving voters and non-voters of extension of the corporation the right to demand payment for the fair market value of their shares should the extension be approved.

Your Committee notes that the three-fourths requirement is analogous to the three-fourths

vote required by Section 416-121, Hawaii Revised Statutes, in order to effect a voluntary dissolution. Your Committee is therefore in accord with the bill.

Your Committee has made a technical amendment to the bill.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 1484, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1484, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 529 Youth and Elderly Affairs on H.R. No. 79

The purpose of this resolution is to request the appropriate House standing committees "to study the Hawaii Revised Statutes as it relates to child abuse and neglect" for the following purposes: (1) to determine if references, definitions, or terminology are adequate to address the problems of child abuse and neglect in the State and (2) to make recommendations for any amendments to improve the statutes.

Testimonies presented by the Office of Children and Youth, the Department of Social Services and Housing, and the Region IX Child Abuse Project indicate that a thorough legislative review of statutes is both timely and necessary to ensure that the present laws are adequate to deal with the serious problem of child abuse and neglect in Hawaii. The agencies, however, recommended that explicit specifications be developed for a more purposeful review, in particular: (1) that the participation of the principle State, county, and private agencies which deal with child abuse and neglect be requested in order to identify any problems in implementing or enforcing the laws; (2) that an analysis of the impact of the existing laws on the child abuse and neglect service delivery throughout the State be done; and (3) that an identification of any impediments or problems to the more effective delivery of child protective services be made. The agencies also expressed a concern that such a study would require more time than would be available during the legislative session.

Your Committee is in agreement with the recommendations of the agencies and has amended the resolution in the following principle ways: (1) by specifying that an interim study be conducted of the various provisions in the Hawaii Revised Statutes which relate to, or have a bearing on, child abuse and neglect and (2) by providing that such study include:

- (a) an analysis of the impact of the existing laws or statutory provisions on the child abuse and neglect service delivery system throughout the State;
- (b) a review of the problems being experienced by the Family Court, the Department of Social Services and Housing, the Department of Health, the Department of Education, the various county police departments, and other agencies in implementing or enforcing these laws because of deficiencies, including lack of uniformity, in the definitions or wording or other inadequacies in the statutory provisions;
- (c) an identification and assessment of any actual or potential impediments or problems to the more effective delivery of child protective services in the State because of deficiencies in the existing statutes; and
- (d) any other problems or issues relevant to the study.

Your Committee has also amended the title of the resolution from "HOUSE RESOLUTION REQUESTING A REVIEW OF LAWS ON CHILD ABUSE AND NEGLECT" to "HOUSE RESOLUTION REQUESTING AN INTERIM STUDY OF STATUTORY PROVISIONS AND RELATED PROBLEMS AND ISSUES RELATING TO CHILD ABUSE AND NEGLECT" in order to more appropriately reflect the intent and purpose of the interim study.

Lastly, your Committee has also made a number of non-substantive style changes for purposes of greater clarity.

Your Committee on Youth and Elderly Affairs concurs with the intent and purpose of H.R. No. 79, as amended herein, and recommends that it be referred to the Committee on Finance, in the form attached hereto as H.R. No. 79, H.D. 1.

Signed by all members of the Committee.

SCRep. 530 Judiciary and Corrections and Rehabilitation on H.R. No. 33

The purpose of this resolution is to request that the appropriate House committee(s) conduct an interim review of the complex issue of status offenders and how they should be treated, managed, or processed. The study should include, but not be limited to, the applicable statutory provisions relating to status offenders. Also to be included in the study is the implementation to date of the statutory amendments made by Act 303, SLH 1980, with respect to status offenders and any problems in connection with such implementation.

Your Committees have amended H.R. No. 33 by deleting subparagraph one in paragraph three which states a report by the American Bar Association entitled, "Noncriminal Misbehavior". The Committees find no such published report to be in existence.

The Department of Social Services and Housing, the Family Court of the First Circuit, State of Hawaii, and the State Law Enforcement Planning Agency (SLEPA) testified in support of H.R. No. 33.

Your Committees on Judiciary and Corrections and Rehabilitation concurs with the intent and purpose of H.R. No. 33, as amended herein, and recommends its adoption in the form attached hereto as H.R. No. 33, H.D. 1.

Signed by all members of the Committees.

SCRep. 531 Judiciary and Corrections and Rehabilitation on H.R. No. 81

The purpose of this resolution is to have the appropriate House Committees critically review, during the 1981 Legislative Interim, the report and recommendations submitted to the 1981 Legislature by the Hawaii Statewide Sentencing Project with the broader objective of reexamining and possibly revising the sentencing philosophy and sentencing provisions of the Hawaii Penal Code.

The review and reexamination will include the following:

(1) A determination as to whether the basically indeterminate sentencing, rehabilitation-oriented policy or approach of the Penal Code should be amended to a determinate sentencing, more punishment-oriented policy, as exemplified by California's Uniform Determinate Sentencing Act and the Model Sentencing and Corrections Act of the National Conference of Commissioners on Uniform State Laws;

(2) An evaluation of the possible effects and ramifications of a determinate sentencing, punishment-oriented approach (e.g., an increase in prison population and the related need for additional operating and capital improvements appropriations for correctional facilities); and

(3) A reassessment of the underlying philosophy and approach of the Hawaii State Correctional Master Plan, which emphasizes rehabilitation through community-based treatment programs, so as to make the Master Plan consonant with any new or revised sentencing approach taken.

Your Committees firmly believe that such a review is most important to the long-term effectiveness of the sentencing provisions of the Penal Code, the Hawaii State Correctional Master Plan, and the State Correctional System.

The Department of Social Services and Housing testified in support of this resolution and will assist the appropriate committees in conducting this review.

Your Committees on Judiciary and Corrections and Rehabilitation concurs with the intent and purpose of H.R. No. 81 and recommends its adoption.

Signed by all members of the Committees.

SCRep. 532 Corrections and Rehabilitation and Public Employment and Government Operations on H.R. No. 32

The purpose of this resolution is to request the Department of Social Services and Housing and the Department of Personnel Services to jointly study the existing and planned programs and problems relating to recruitment, training, and retention of qualified and effective security personnel employed by the Corrections Division of

the Department of Social Services and Housing .

The Department of Social Services and Housing testified in support of this resolution. However it was noted that the study will require neighbor-island involvement, both Departments request your Committees consideration of funding needs for neighbor-island travel requirements in conducting the study .

Your Committees on Corrections and Rehabilitation and Public Employment and Government Operations concur with the intent and purpose of H.R. No. 32 and recommend that it be referred to the Committee on Finance .

Signed by all members of the Committees .

SCRep. 533 Corrections and Rehabilitation and Public Employment and Government Operations on H.C.R. No. 8

The purpose of this concurrent resolution is to request the Department of Social Services and Housing and the Department of Personnel Services to jointly study the existing and planned programs and problems relating to recruitment, training, and retention of qualified and effective security personnel employed by the Corrections Division of the Department of Social Services and Housing .

The Department of Social Services and Housing testified in support of this Concurrent Resolution. However it was noted that the study will require neighbor-island involvement, both Departments request your Committees consideration of funding needs for neighbor-island travel requirements in conducting the study .

Your Committees on Corrections and Rehabilitation and Public Employment and Government Operations concurs with the intent and purpose of H.C.R. No. 8 and recommends that it be referred to the Committee on Finance .

Signed by all members of the Committees .

SCRep. 534 Corrections and Rehabilitation on H.R. No. 31

The purpose of this resolution is to review the serious problem of the increasing number of escapes on the part of committed offenders from correctional facilities, especially, but not limited to, escapes from the Oahu Community Correctional Center and the Hawaii Youth Correctional Facility .

The review will include studies to determine and isolate the causes of escapes, such as the design of physical facilities, personnel, or any other factors which may influence, encourage, or lead to escapes by incarcerated offenders, and determine ways of improving security at the various correctional facilities .

Your Committee has received testimony from the Department of Social Services and Housing in favor of this resolution .

Your Committee on Corrections and Rehabilitation concurs with the intent and purpose of H.R. No. 31 and recommends that it be referred to the Committee on Legislative Management .

Signed by all members of the Committee .

SCRep. 535 Corrections and Rehabilitation on H.C.R. No. 7

The purpose of this resolution is to review the serious problem of the increasing number of escapes on the part of committed offenders from correctional facilities, especially, but not limited to, escapes from the Oahu Community Correctional Center and the Hawaii Youth Correctional Facility .

The review will include studies to determine and isolate the causes of escapes, such as the design of physical facilities, personnel, or any other factors which may influence, encourage, or lead to escapes by incarcerated offenders, and determine ways of improving security at the various correctional facilities .

Your Committee has received testimony from the Department of Social Services and Housing in favor of this resolution .

Your Committee on Corrections and Rehabilitation concurs with the intent and purpose of H.C.R. No. 7 and recommends that it be referred to the Committee on Legislative Management.

Signed by all members of the Committee.

SCRep. 536 Corrections and Rehabilitation on H.R. No. 197

The purpose of this resolution is to request the Department of Social Services and Housing, through its Corrections Division and Intake Service Centers, to review and evaluate existing and planned rehabilitation and treatment programs for sentenced and other adult criminal offenders, including the adequacy, availability, and effectiveness of existing programs.

Your Committee has amended this resolution by adding that all agencies, public or private, involved as providers or potential providers of service, cooperate with the Department of Social Services and Housing in this study.

The Department of Social Services and Housing and the Intake Service Center testified in support of this resolution that a study on the rehabilitation and treatment programs be studied.

Your Committee on Corrections and Rehabilitation concurs with the intent and purpose of H.R. No. 197, as amended herein, and recommends that it be referred to the Committee on Finance, in the form attached hereto as H.R. No. 197, H.D. 1.

Signed by all members of the Committee.

SCRep. 537 Corrections and Rehabilitation on H.R. No. 257

The purpose of this resolution is to request the Department of Social Services and Housing to conduct a study to find the estimated cost of renovating the present Olinda Honor Camp facilities to operational standards, and the estimated cost of basic equipment for farming and other vocational standards, and sufficient personnel to adequately staff this facility. The study should also include an assessment of the social and economic impact of reopening Olinda Honor Camp on the surrounding communities and recommend measures to minimize any adverse impacts.

Your Committee on Corrections and Rehabilitation concurs with the intent and purpose of H.R. No. 257 as amended herein, and recommends that it be referred to the Committee on Finance, in the form attached hereto as H.R. No. 257, H.D. 1.

Signed by all members of the Committee.

SCRep. 538 Public Assistance and Human Services on H.R. No. 58

The purpose of this resolution is to request a comprehensive legislative review of the effectiveness, efficiency, and adequacy of the flat grant system of public assistance.

The Department of Social Services and Housing testified in full support of this resolution, noting that five years have elapsed since the implementation of the flat grant system in 1975. In consideration of the complexity of the system, the Department suggested that the existing deadline of "prior to the adjournment of the Regular Session of 1981" may be insufficient to complete the review.

Your Committee has accordingly amended the resolution to read: "BE IT FURTHER RESOLVED that the Committees submit a report of its findings and recommendations, including suggested legislation, to the House of Representatives prior to the convening of the Regular Session of 1982."

Your Committee on Public Assistance and Human Services is in accord with the intent and purpose of H.R. No. 58, as amended herein, and recommends that it be referred to your Committee on Legislative Management in the form attached hereto as H.R. No. 58, H.D. 1.

Signed by all members of the Committee except Representative Aki.

SCRep. 539 Energy, Ecology and Environmental Protection and Consumer Protection and Commerce on H.B. No. 1232

The purpose of this bill is to amend Section 339-7, Hawaii Revised Statutes, by removing the prohibition on the sale of beverages in plastic containers.

Your Committees are in agreement that Section 339-7, Hawaii Revised Statutes, is ambiguous and is currently being challenged in court. The repeal of the prohibition on the sale of beverages in plastic containers will clarify the ambiguity of Section 339-7, Hawaii Revised Statutes. The Department of Health provided testimony that H.B. No. 1232 will have no negative impact on the State's litter control program.

Your Committees on Energy, Ecology and Environmental Protection and Consumer Protection and Commerce are in accord with the intent and purpose of H.B. No. 1232 and recommend that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committees.

SCRep. 540 Water, Land Use, Development and Hawaiian Affairs and Housing on H.R. No. 76

The purpose of this resolution is to request (1) that the chairman of the Inter-Agency Task Force for State Permit Simplification report to the Legislature, prior to April 1, 1980, on any findings and recommendations regarding possible techniques to streamline and simplify the environmental and land use regulatory process, and (2) that the chairman of the appropriate House Committee report to the Legislature, prior to the convening of the Regular Session of 1982, on any findings and recommendations of the Inter-Agency Task Force for State Permit Simplification regarding possible techniques to streamline and simplify the environmental and land use regulatory process.

Your Committees find that there is an important need to streamline, coordinate, and simplify the application, processing, and approval process for permits connected with the environmental and land use regulatory process.

Favorable testimony on the resolution was submitted by the Director of the State Department of Planning and Economic Development who serves as the Chairman of the Inter-Agency Task Force for State Permit Simplification and by the Director of the Department of Land Utilization, City and County of Honolulu.

Your Committees on Water, Land Use, Development and Hawaiian Affairs and Housing concur with the intent and purpose of H.R. No. 76 and recommend that it be referred to the Committee on Finance.

Signed by all members of the Committees.

SCRep. 541 Finance on H.B. No. 794

The purpose of this bill is to confirm the Hawaii Income Tax Law to the Internal Revenue Code.

This bill changes the date the federal Internal Revenue Codes applies to Hawaii from December 31, 1979 to December 31, 1980. By making such change Hawaii adopts changes made to the Code by Congress during the 1980 calendar year. Your Committee notes that this bill is required by section 235-2.3, Hawaii Revised Statutes, and that the Congressional changes adopted are only adopted for Hawaii purposes as made operative, limited, or made nonoperative by the Hawaii Income Tax Law.

Your Committee finds that there is little or no revenue effect in the provisions of this bill. In recommending this bill for passage, your Committee notes the following amendments contained in this bill.

1. Section 235-2.2, Hawaii Revised Statutes, is amended by deleting the adoption of section 2005(a), Public Law 94-455. This deletion conforms the state income tax law to Public Law 96-223 which the legislature adopted on a prospective basis in Act 159, Session Laws of Hawaii 1980. Further conforming amendments are also made to section 235-2.3, Hawaii Revised Statutes, through the deletion of references to Public Law 95-600, section 702. These amendments conform the Hawaii income tax law to the federal law with respect to the carryover basis of inherited property.

2. In addition to a number of miscellaneous federal income tax amendments being adopted in this bill, of major importance is the Installment Sales Revision Act of 1980, Public Law 96-471. The major amendments in this Act eliminate the requirement that not more than thirty per cent of the selling price may be received in the tax year of a sale, eliminate the requirement that the sale consist of two payments in different tax years, and make installment sales tax treatment automatic unless the taxpayer elects otherwise. The law also necessitates the amendment of section 235-2.3(n), Hawaii Revised Statutes, to provide for retroactive effective dates contained in federal law, as Public Law 96-471 (as do more and more public laws) contains many effective dates which occur during the calendar year 1980 which if not adopted in Hawaii would work a hardship for Hawaii's taxpayers who relied on the federal law during the 1980 taxable year.

Due to the number of retroactive effective dates contained in this Public Law and the possibility of many amended income tax returns that may result, your Committee recommends to the Senate early passage of this bill and transmittal to the governor.

Your Committee has amended the bill to adopt the Internal Revenue Code provisions for domestic international sales corporations (DISC), if any corporation so electing to be a DISC is incorporated and has its principal place of business in Hawaii. A DISC is a domestic corporation whose income is predominately (95 per cent) derived from export sales and rentals. Payment of income taxes on a portion of the export sales and rental income may be deferred if qualified as a DISC.

Your Committee notes that the Governor's Committee on Hawaii as a Regional Center expressed the advantages to the State in adopting provisions similar to the federal provisions relating to DISC to be a means of attracting multinational corporations to locate in Hawaii. The combination of Hawaii's strategic location in the Pacific basin with a preferential tax treatment afforded under DISC provisions would support efforts to attract new businesses to Hawaii and thereby create additional employment opportunities for Hawaii's people.

Since there is only one known DISC in Hawaii presently, the adoption of the DISC provisions would result in little or no revenue loss to the State. Rather, by adopting DISC provisions, additional revenues may be produced by the attraction of DISCs to the State.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 794, H.D. 1, as amended herein, and recommends it pass Second Reading in the form attached as H.B. No. 794, H.D. 2, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 542 Water, Land Use, Development and Hawaiian Affairs and Ocean and Marine Resources on H.B. No. 73

The purpose of this bill is to permit the Hawaiian Homes Commission to grant aquaculture homestead leases to eligible persons. Aquaculture loans will also be permitted from the Committee's Farm Loan Fund.

Your Committees find that there is no authority at present for aquaculture leases; there is a demand for such leases; there are lands available for such leases; such small scale aquacultural operations can be economically successful; and the idea is compatible with the state's desire to enhance the economic opportunities of the Hawaiian Homes residents as well as promote diversification of the state's economic base.

Your Committees on Water, Land Use, Development and Hawaiian Affairs and Ocean and Marine Resources are in accord with the intent and purpose of H.B. No. 73 and recommend that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committees.

SCRep. 543 Education on H.B. No. 1648 (Majority)

The purpose of this bill is to amend section 296-2 of the Hawaii Revised Statutes to clarify the jurisdiction of the Board of Education and strengthen its authority to organize and manage Hawaii's system of public schools.

Your Committee heard testimony that in further defining the jurisdiction and authority

of the Board of Education, this bill provides statutory language which, if the bill is enacted, will bring section 296-2, Hawaii Revised Statutes, into greater conformance with the language and intent of Article X, Section 3 of the Constitution of the State of Hawaii, as amended by the Constitutional Convention and voter ratification of 1978. By bringing the statutory provisions governing the powers of the Board of Education into greater conformance with the Hawaii Constitution, your Committee believes the respective roles, responsibilities, and authority of the Board of Education and the Superintendent of Education will thereby be significantly clarified. As a result, your Committee further believes that this bill will strengthen the Board's authority to organize and manage Hawaii's system of public schools and thus facilitate the efforts of the Board to effectively formulate policy and exercise control over the public schools.

The Board of Education has declared its wholehearted support of this bill.

Your Committee on Education is in accord with the intent and purpose of H.B. No. 1648 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Anderson.
(Representative Say did not concur.)

SCRep. 544 Consumer Protection and Commerce and Energy, Ecology and
Environmental Protection on H.B. No. 579

The purpose of this bill is to provide that the installation of a solar energy device in a horizontal property regime need only require the vote of a majority of the board of directors and approval as required by horizontal property regime documents.

Under present law, Section 514A-89, Hawaii Revised Statutes, requires the unanimous consent of all unit owners for the addition of any "material structure" to the horizontal property regime.

This bill recognizes the trend toward utilization of alternate energy sources and would specifically exempt solar energy devices from the unanimous consent requirements of Section 514A-89. Your Committees are in agreement with the intent of the bill to promote the use of alternate energy sources.

Your Committees have made amendments for purposes of clarification.

Your Committees on Consumer Protection and Commerce and Energy, Ecology and Environmental Protection are in accord with the intent and purpose of H.B. No. 579, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 579, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committees.

SCRep. 545 Employment Opportunities and Labor Relations on H.B. No. 748

The purpose of this administration bill is to allow the Department of Labor and Industrial Relations (DLIR) to escheat or refund disability benefits due from an insurer or self-insured employer to an unlocateable claimant. This is to be done by adding a new section to Chapter 391 of the Hawaii Revised Statutes.

Section 392-44 of the Temporary Disability Insurance (TDI) Law prescribes the time frame within which insurers are required to pay disability benefits to an eligible claimant. The first payment must be made within 10 days of receipt of required proof of claim and thereafter benefits are to be paid every two weeks.

The law, however, does not provide for the disposition of benefit payments when the insurer is unable to locate the claimant. The bill would require the insurer to deposit such benefit payments into the TDI Special Disability Fund. The DLIR would then attempt to locate the claimant and make payment from the fund. If the claimant remains unlocated for a period of two years from the date of deposit, such monies will become a permanent part of the fund.

Your Committee on Employment Opportunities and Labor Relations is in accord with the intent and purpose of H.B. No. 748 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 Anderson.

SCRep. 546 Employment Opportunities and Labor Relations on H.B. No. 746

The purpose of this bill is to protect employees who testify in a proceeding under Part III of Chapter 378, Hawaii Revised Statutes.

The law presently does not provide protection to employees who testify in proceedings where another employee, who has suffered a work injury, alleges being suspended or discharged by the employer as a result of the work injury. Potential witnesses have either refused to testify or have expressed strong reluctance in testifying in a complaint filed under Section 378-32, Hawaii Revised Statutes, because of fear of loss of their jobs or other retaliatory action that may be taken by the employer.

This proposal will provide the protection necessary to allow an employee to freely testify at a hearing.

Your Committee on Employment Opportunities and Labor Relations is in accord with the intent and purpose of H.B. No. 746 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 Anderson.

SCRep. 547 Employment Opportunities and Labor Relations on H.B. No. 744

The purpose of this administration bill is to expedite benefit payments to disabled employees by specifying a time limit for the initial filing of a disability claim by the disabled employee. This is to be done by amending section 392-44 of the Hawaii Revised Statutes.

Section 392-44 of the Temporary Disability Insurance (TDI) Law provides that the first payment of disability benefits be made within 10 days after the filing of required proof of claim. The statute, however, does not prescribe any time limit as to the filing of the disability claim.

This bill would require a worker to file the disability claim within 30 days after the commencement of the disability or as soon thereafter as is reasonably possible. This would bring the statutes in line with section 12-11-35 of the Department of Labor and Industrial Relations' TDI administrative rules which prescribe a 30-day filing requirement. This measure would also aid the insurer to receive and process claims in a more timely manner and make benefit payments available to workers when most needed.

Your Committee is of the opinion that the 30-day filing requirement would afford the disabled employee too little time to become aware of and file the appropriate TDI claims. Further, most Department of Labor programs have 90-day requirements. For these reasons, your Committee has amended the bill to establish a 90-day filing requirement rather than a 30-day filing requirement.

Your Committee on Employment Opportunities and Labor Relations is in accord with the intent and purpose of H.B. No. 744, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 744, H.D. 1 and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Anderson.

SCRep. 548 Employment Opportunities and Labor Relations on H.B. No. 743

The purpose of this bill is to clarify present statutory language.

The bill makes it clear that permanently and totally disabled employees are entitled to only one supplemental allowance and not from both the responsible employer and the Special Compensation Fund.

The bill also makes it clear that all permanently and totally disabled employees whose weekly income benefit is less than that in effect on June 18, 1980 shall be entitled to the supplemental allowance regardless of when the determination of permanent total disability is made. As presently worded, the section could be construed to authorize the supplemental allowance only in cases where the award is made before June 18, 1980. This would mean that employees with the same date of injury would be treated differently depending on the date of decision in their case, obviously an unfair and arbitrary result.

Testimony, received from the Department of Labor and Industrial Relations; the Inter-

Industry Study Council, Inc.; the Hawaii Insurers Council; the International Longshoremen's and Warehousemen's Union, Local 142; and the Construction Industry Legislative Organization, Inc., was unanimous in support of this bill.

Your Committee on Employment Opportunities and Labor Relations is in accord with the intent and purpose of H.B. No. 743 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 Anderson.

SCRep. 549 Employment Opportunities and Labor Relations and Public Employment and Government Operations on H.B. No. 741

The purpose of this bill is to extend coverage of Part I (Discriminatory Practices) of the Employment Practices Act, Chapter 378, Hawaii Revised Statutes, to employees of the State and county governments, to help ensure that women are provided equal treatment in employment when disabled because of pregnancy-related conditions, and to clarify policies and procedures in the area of enforcement with respect to unlawful or discriminatory employment practices.

Currently, the State and the county governments as employers are not expressly subject to Chapter 378, HRS, which prohibits discriminatory employment practices. In enacting the law in 1963, the intent of the Legislature, as stated in the relevant committee reports, was to exclude the State and its political subdivisions from the definition of "employer" and instead to provide government workers with protection against employment discrimination under a separate law. However, such a law has not yet been enacted. As a result, an aggrieved State or county employee must file a complaint under Title VII of the federal Civil Rights Act of 1964, as amended, with the Equal Employment Opportunity Commission (EEOC), San Francisco District Office, and must then await an investigation which, until recently, often took about two years.

This bill remedies this inequity by providing the same protection against discrimination, under State law (Chapter 378, HRS), to public employees as is already provided to employees in the private sector. The bill also clarifies and strengthens the existing statutory prohibition against employment discrimination because of sex by adding a definition of "because of sex" to include pregnancy and related medical conditions. Additionally, the bill clarifies the definitions and procedures relating to enforcement of the anti-discrimination provisions.

Your Committees on Employment Opportunities and Labor Relations and Public Employment and Government Operations are in accord with the intent and purpose of H.B. No. 741 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 Anderson.

SCRep. 550 Employment Opportunities and Labor Relations on H.B. No. 603

The purpose of this bill is to require the Hawaii Employment Relations Board to:

- (1) Hold elections within sixty calendar days of a petition requesting recognition to determine whether employees want union representation.
- (2) Act on petitions in not more than fifteen days, and hold elections in not more than thirty days when a petition or request indicates an emergency requiring prompt action.

This is to be done by amending Section 377-5 of the Hawaii Revised Statutes.

The Hawaii Employment Relations Act applies when the National Labor Relations Board refuses to exercise jurisdiction in the private sector. Whenever 30% or more of the employees "in an appropriate bargaining unit" indicate a desire for representation, an election is mandated. If 50% plus one of the affected employees vote for a union, it is certified as the exclusive bargaining representative.

Too often undue delays in administering the law foreclose fair elections. There are cases in which employers deliberately rely on legal maneuvers to frustrate employees and prevent a prompt election to determine whether the majority will favor or disapprove of representation. Under present law nothing prohibits litigation which postpones

an election for months (or in some cases for years). Such a procedure benefits no one.

A sixty (60) day limit reasonably gives all parties an opportunity to resolve by stipulation or hearing issues which may develop in administering the act.

Your Committee on Employment Opportunities and Labor Relations is in accord with the intent and purpose of H.B. No. 603 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 Anderson.

SCRep. 551 Employment Opportunities and Labor Relations on H.B. No. 749

The purpose of this bill is to have a successor employer, not already subject to Chapter 383, H.R.S., subject to the maximum contribution rate until the next determination of rates in situations where that successor employer succeeds to or acquires the organization, trade, or business, or substantially all the assets of two or more predecessor employers having different contribution rates.

This administration bill will conform Section 383-66(5), Hawaii Revised Statutes, to Act 235, Session Laws of Hawaii, Regular Session of 1978, which among other things raised the contribution rates for employers newly subject to Chapter 383, from the "standard rate" of 3.0% per annum to the "maximum rate" of 4.5% per annum.

The specific change consists of deleting the words "a contribution rate of 3.0%" in the present law and replacing them with the words "the maximum rate".

The effect of this bill will be to make a successor employer not previously subject to contributions under Chapter 383, subject to the maximum rate of 4.5% if such an employer acquires the business of two or more predecessor employers who had different contribution rates.

This bill will apply only to employers not previously subject to Chapter 383 and who therefore had no contribution rate at the time they acquired the businesses of two or more predecessor employers having different contribution rates.

This bill will not affect an employer who already has a contribution rate at the time he acquires the businesses of two or more predecessor employers having the same or different contribution rates. Under the present law, if the predecessor employers have the same rates, the successor employer will acquire their rate, provided he meets the conditions in Section 383-66. If the predecessor employers have different rates, the successor employer retains his own rate until the next rate computation is made. At that time, the rates of the successor employer and predecessor employers will be combined and computed into a new rate for the successor employer.

Your Committee has made a number of technical amendments to this bill.

Your Committee on Employment Opportunities and Labor Relations is in accord with the intent and purpose of H.B. No. 749 as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 749, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Anderson.

SCRep. 552 Consumer Protection and Commerce on H.B. No. 1103

The purpose of this bill is to 1) add to and delete compounds from the schedules of controlled substances pursuant to requirements of Chapter 329, Hawaii Revised Statutes, and 2) amend the present prescription writing and filling procedure by requiring Schedule II controlled substances blank prescription forms to be printed and distributed by the Department of Health.

Under Section 329-11, the Department of Health and the legislature are required to annually review the controlled substances schedules contained in Chapter 329 for purposes of additions and deletions of listed substances. Your Committee finds that the proposed addition of the substances, Bulk Dextropropoxyphene and Phenylacetone, is in conformance with changes made on the federal level as noted in the Federal Register, Vols. 44, No. 142, July 22, 1980, and 45, No. 240, December 12, 1979. Your Committee is therefore

in agreement with the proposed changes.

Your Committee has amended the bill to delete reference to the new prescription procedures and the revolving fund.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 1103, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1103, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 553 Consumer Protection and Commerce on H.B. No. 1466

The purpose of this bill is twofold: 1) to amend Section 476-1, Hawaii Revised Statutes, to delete open-end contracts for purchases of goods from the definition of retail installment contract, and 2) to provide that refinancing of balloon payments of \$10,000 or more of retail installment contracts may be executed at rates higher than the terms of the original sale.

Under present law, open-end loans when made for the purpose of purchasing goods, are defined as retail installment contracts, and refinanced balloon payments, no matter what the amount must be offered at rates no less favorable to the buyers.

Your Committee agrees with testimony presented by the Office of Consumer Protection that open-end contracts for the purchase of goods should be subject to the disclosure requirements of Chapter 476 and has therefore amended the bill by deleting the change proposed by Section 1.

Your Committee also heard testimony that consumer loans with balloon payments of \$10,000 or more are generally limited to purchases of pleasure boats or aircraft. Your Committee therefore feels that the impact of this bill will be limited to a relatively small segment of the consuming public and will not affect those who purchase less expensive goods and necessities by retail installment contracts.

Your Committee has also made a technical amendment to the bill.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 1466, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1466, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 554 Transportation on H.B. No. 160

The purpose of this bill as received by your Committee is to repeal Chapter 365, Hawaii Revised Statutes entitled "County Highways, Sidewalks, and Wharves", and to add a new chapter to the Hawaii Revised Statutes which in essence retains most of the current language of Section 265-1, Hawaii Revised Statutes. The new chapter contains a section which in the main provides that the several counties shall have the general supervision, charge, control of and the duty to maintain and repair all county highways, bikeways, and sidewalks.

The City and County of Honolulu submitted testimony in favor of H.B. No. 160, H.D. 1, stating that this bill would simplify the jurisdiction over county highways and sidewalks.

Your Committee concurs with the Department of Transportation's recommendation that the word "wharves" be deleted from the title of the chapter of the proposed chapter and the counties concur with this deletion.

Your Committee has amended this bill to correct the inadvertent typographical error in Section 1, which erroneously cites Chapter 365, Hawaii Revised Statutes as the chapter being repealed. The correct citation is to Chapter 265.

Your Committee also amended the bill by making technical, non-substantive amendments.

Your Committee on Transportation is in accord with the intent and purpose of H.B. No. 160, H.D. 1, as amended herein, and recommends that it pass Second Reading

in the form attached hereto as H.B. No. 160, H.D. 2, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives
D. Hagino, Takitani, Anderson and Medeiros.

SCRep. 555 Judiciary on H.B. No. 1339

The purpose of this bill is to amend the present campaign contributions and expenditures law to exempt political action committees that spend less than \$1,000 per election from the reporting requirements of Chapter 11 of the Hawaii Revised Statutes.

Your Committee finds that committees whose expenditures are less than \$1,000 per election should not be burdened by having to file an organizational report with the Campaign Spending Commission.

Your Committee has amended this bill to provide that any committee that does not spend more than \$1,000 per election shall be exempt from filing a report with the Campaign Spending Commission. Non-substantive technical amendments were also made as to form for purposes of clarity.

The bill, as amended, would encourage active participation in the election process without unduly burdening organizations making small expenditures with the task of filing a report with the Campaign Spending Commission. This bill would also ensure that organizations spending in excess of \$1,000 per election would still be subject to the reporting provisions of this chapter.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 1339, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1339, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 556 Judiciary on H.B. No. 238 (Majority)

The purpose of this bill is to amend the Hawaii Constitution to provide that the annual legislative salary be paid in installments and at such times as are provided by law.

Your Committee recognizes the drawbacks involved in the present legislative salary plan. The plan, adopted in 1978, provides that seventy-five percent of the annual salary be paid during February, March, and April, the remainder in equal installments over the remaining nine months. The disparity is ten-to-one. The disparity is neither logical nor just.

Although the current legislative payment plan provides a large salary during the session months, the amounts paid during the remaining nine months are relatively small. The disproportionate salary creates varying degrees of hardship amongst the legislators.

The amendment of the State constitution, if adopted, will remedy the present feast or famine salary plan and also provide a constitutional basis for future legislative salary plans.

Your Committee on Judiciary 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.
(Representative Kawakami did not concur.)

SCRep. 557 Corrections and Rehabilitation on H.B. No. 1125

The purpose of this bill is to allow the Director of the Department of Social Services and Housing to delegate responsibilities for discharge of a youth from the Hawaii Youth Correctional Facility where such discharge is not subject to the Director's discretion, as when the person's term of commitment expires. The Director would still be required to review discretionary discharge, before the expiration of a person's term of commitment.

Your Committee has amended H.B. No. 1125 by making nonsubstantive, technical corrections.

Your Committee on Corrections and Rehabilitation is in accord with the intent and purpose of H.B. No. 1125, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1125, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 558 Corrections and Rehabilitation on H.B. No. 1126

The purpose of this bill is to allow for termination of the Director's jurisdiction to supervise persons committed to the Hawaii Youth Correctional Facility when a person who has been waived for subsequent criminal acts is sentenced by an adult criminal court.

The Department of Social Services and Housing testified in support of H.B. No. 1126 stating that the amendments would help to eliminate the question of "double jurisdiction" by terminating the jurisdiction of the Director under the juvenile law in cases where a person is waived, convicted, and sentenced in an adult court.

Your Committee on Corrections and Rehabilitation is in accord with the intent and purpose of H.B. No. 1126 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 559 Corrections and Rehabilitation on H.B. No. 787

The purpose of this bill is to provide immunity from personal liability for the Director of Social Services and Correctional Administrators in their exercise of administrative discretion in the granting of furloughs to selected inmates. The authority to grant such furloughs to selected inmates is provided in the Hawaii Revised Statutes.

The Department of Social Services and Housing testified in support of H.B. No. 787 stating that such protection would allow the Department of Social Services and Housing to implement furlough programs, the purpose of which is to allow for the reintegration of selected inmates to the community prior to parole or release.

Your Committee on Corrections and Rehabilitation is in accord with the intent and purpose of H.B. No. 787 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 560 Public Assistance and Human Services and Public Employment and Government Operations on H.B. No. 635

The purpose of this bill is to delete the requirement that nonprofit corporations and sheltered workshops be certified in order to qualify for preference in government contracts and purchase of services by amending section 103-22.1, Hawaii Revised Statutes.

The above cited statute provides that a five percent preference shall be given to certified nonprofit corporations and sheltered workshops when bidding on governmental purchasing contracts in order to encourage greater employment and employment training services for handicapped individuals in the State. Your Committees find that such preference has not been implemented because the Department of Labor and Industrial Relations, as designated by the statute, does not have the authority to certify these organizations.

Your Committees have amended Section 1 of the bill to correct the following minor grammatical errors: (1) the bracket on line eight, page one has been moved to include the period and (2) the capital "S" on line nine, page one has been changed to a lower case "s".

Your Committees on Public Assistance and Human Services and Public Employment and Government Opportunities are in accord with the intent and purpose of H.B. No. 635, as amended herein, and recommends that it pass Second Reading in the form attached

hereto as H.B. No. 635, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committees.

SCRep. 561 Employment Opportunities and Labor Relations on H.B. No. 1358

The purpose of this administration bill is to delete the provisions in Section 383-29(a), Hawaii Revised Statutes, which provide for waiver of the one-week waiting period on a new claim for benefits when it is immediately preceded by a compensable week of unemployment of a prior claim, and for payment of the waiting week after a claimant is paid for the 12 consecutive weeks following the first compensable week in a benefit year.

The Omnibus Reconciliation Act of 1980, Public Law 96-499, eliminates the federal share of 50% of the cost of the first week of extended benefits in any state which provides for payment of the waiting week. This bill proposes to delete the waiver to ensure that the State may continue to receive the federal share of the cost of the first week of extended benefits.

Your Committee has made a number of technical amendments to this 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 in the form attached hereto as H.B. No. 1358, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Anderson.

SCRep. 562 Employment Opportunities and Labor Relations on H.B. No. 747

The purpose of this administration bill is to provide appeal rights for an insurer, self-insured employer, or the special fund for disability benefits to recover disability benefits overpaid an employee by amending section 393-78 of the Hawaii Revised Statutes.

Under the present temporary disability insurance law, there is no provision for an insurer, self-insured employer or the special fund to recover benefits overpaid an employee, such as in the case where overpayment resulted because the employee failed to disclose all pertinent information on his claim. This measure would give an insurer the right to recover overpaid benefits through established appeals procedure.

Your Committee on Employment Opportunities and Labor Relations is in accord with the intent and purpose of H.B. No. 747 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 Anderson.

SCRep. 563 Transportation on H.B. No. 823

The purpose of this bill is to amend Chapter 26, Section 19 of the Hawaii Revised Statutes by deleting the set number of members provided for the Commission on Transportation.

The bill clarifies the membership of the Commission on Transportation which shall now consist of one member from each senatorial district and three members at large.

Your Committee agrees with the testimony of the Department of Transportation that reference to a total number of membership to the commission should be deleted as to avoid further amendments should the Senate be reapportioned.

Your Committee has amended this bill by correcting technical nonsubstantive errors.

Your Committee on Transportation is in accord with the intent and purpose of H.B. No. 823, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 823, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives D. Hagino, Anderson and Medeiros.

SCRep. 564 Consumer Protection and Commerce on H.B. No. 514

The purpose of this bill is to make it easier and less costly for a landlord to sell or otherwise dispose of personal property left abandoned in and around the premises by a former tenant.

Under present law, personalty abandoned by a former tenant and determined to be of value by the landlord must be stored by the landlord for at least thirty days after which time such personalty may be sold at public auction or in some other commercially reasonable manner provided the landlord has made reasonable efforts during the time of storage to notify the tenant by mail of the identity and location of such personalty. Abandoned property determined by the landlord to be of no value may be disposed of at the landlord's discretion.

Your Committee recognizes that many problems are created by the abandonment of personal property by tenants, and finds that this bill provides landlords with a reasonable means of quickly disposing of such personal property and avoiding the additional expense for storage required under present law.

Your Committee has amended the bill to conform to three suggestions made by the Office of Consumer Protection in testimony before your Committee:

1. Notice by mail should be attempted before any sale is made rather than after. A ten day waiting period has been added.
2. Landlords should be provided with the option of storing or selling the property.
3. "Wrongful quit" on line 5 of page 1 should be defined with a cross-reference to H.R.S. section 521-44(d).

Your Committee also made an amendment to allow the landlord to donate the property to a charitable organization and various nonsubstantive technical and grammatical changes.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 514, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 514, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 565 Housing and Consumer Protection and Commerce on H.B. No. 301

The purpose of this bill is to clarify that Act 189, Session Laws of Hawaii 1980, now Part VI, Chapter 514A, Hawaii Revised Statutes, applies to condominium projects containing residential units.

Your Committee finds that this Part has been interpreted in such a manner that owner-occupancy notices have been required of "condo warehouse" projects. Non-residential units were not intended to be governed by the owner-occupancy requirements of Part VI, Chapter 514A.

Your Committees on Housing and Consumer Protection and Commerce are in accord with the intent and purpose of H.B. No. 301 and recommend that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committees.

SCRep. 566 Housing on H.B. No. 1051

The purpose of this bill is to extend the applicability of the Land Reform Act to leases with terms of fifteen years or more.

Present statutes apply to leases with terms of twenty years or more. This bill will enable more lessees to petition for condemnation and ultimate acquisition of fee simple title to their property. This change would be consistent with the Lease Rent Renegotiation Act which requires that renegotiations not be scheduled more than once every fifteen years.

Your Committee on Housing is in accord with the intent and purpose of H.B. No. 1051 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 567 Housing on H.B. No. 788

The purpose of this bill is to allow the Department of Social Services and Housing to more adequately meet the needs of veterans in Hawaii and to remove portions of existing statutes which have been declared unconstitutional.

This bill will allow the Department of Social Services and Housing to serve veterans who have served in the armed services during peacetime as well as during wartime, and to serve veterans with less than honorable discharges. This policy is in keeping with the Special Discharge Review Program primarily targeted for the less than honorable discharges emanating from the Vietnam Era.

In addition, this bill deletes the durational residency requirement for grants for specially designed housing for wheelchair living which was determined to be unconstitutional by the Attorney General. While eliminating the durational residency requirement, the bill ensures that applicants for the state grant were bonafide residents of the State before entering the armed forces. The state grant remains contingent upon the disabled veteran qualifying for the federal grant.

Your Committee has inserted after page 2, line 8 of the bill the words: "in any of the armed services, or of a person who has died." This phrase was inadvertently left out of the original bill. Your Committee has made other non-substantive amendments to conform the bill to existing statutes.

Your Committee on Housing is in accord with the intent and purpose of H.B. No. 788, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 788, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 568 Housing on H.B. No. 1107

The purpose of this bill is to clarify the conditions under which a developer or contractor is guaranteed a share of the cost of a housing project developed in partnership with the Hawaii Housing Authority (HHA).

Under Section 359G-6, the HHA is authorized to develop housing projects in partnership with developers and contractors. These "partners" are guaranteed a gross share of not more than fifteen per cent of the actual cost of the project, less any amount subsidized by the State. There is little incentive for "partners" to adhere to the original project budget since gross share is based on actual project cost. This measure will enable the HHA to guarantee a gross share to the partner only when the actual project cost does not exceed the original project cost and to base gross share on the original cost of the project.

This bill also excludes, as a subsidy, all tax exemptions granted under Section 359G-15. This is a technical amendment which conforms Section 359G-6 to the provisions of Act 243, Session Laws of Hawaii 1980.

Your Committee on Housing is in accord with the intent and purpose of H.B. No. 1107 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 569 Finance on H.B. No. 924

The purpose of this bill is to establish a permanent program in the Department of Health for the early identification of school children with impaired hearing and vision.

Your Committee finds that school children with impaired hearing and vision are often unaware of their handicaps and early detection is beneficial when these deficiencies

are still treatable. The establishment of this permanent program is approved by your Committee.

Your Committee has amended page two, lines 5 through 10 to read as follows:

"The department of health shall conduct, as it deems advisable, a screening program to detect vision and hearing deficiencies in school children and recommends appropriate referrals to a licensed optometrist or physician for evaluation of children who are found to have vision or hearing deficiencies, or both."

Your Committee has also amended this bill to correct drafting errors.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 924, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 924, H.D. 2.

Signed by all members of the Committee.

SCRep. 570 Youth and Elderly Affairs, Public Assistance and Human Services
and Judiciary on H.B. No. 68

The purpose of this bill is to amend Section 350-1, Hawaii Revised Statutes, to include child day care worker or sitter as persons required to report suspected cases of child abuse or neglect.

The present statute defines professionals who shall report cases of suspected child abuse to the Department of Social Services and Housing. This bill would expand the statute to include child day care worker or sitter.

Your Committees find that child day care workers and sitters are not professionals, and thus, should not be mandated to report cases of child abuse or neglect. Your Committees have amended this bill to delete this provision accordingly. To be consistent, the provision defining child day care worker has also been deleted.

During the discussion of this bill it was brought to the attention of the Committees that school administrator should be included with school teacher to be mandated to report cases of child abuse. Your Committees agree with this concern and has amended H.B. No. 68 to include school administrator.

Your Committees on Youth and Elderly Affairs, Public Assistance and Human Services, and Judiciary are in accord with the intent and purpose of H.B. No. 68, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 68, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committees except Representatives Blair, Kawakami, Waihee and Liu.

SCRep. 571 Finance on H.B. No. 721

The purpose of this bill is to transfer the duties of the Pacific War Memorial Commission to the Department of Land and Natural Resources. Currently, the Pacific War Memorial Commission is under the Department of Defense for administrative purposes.

The 1979 Legislature through section 52 of Act 214 requested the Department of Budget and Finance to undertake a study on the Commission regarding its duties and responsibilities. The department transmitted its report in 1980 through the Governor's Message No. 11 and recommended abolishment of the Commission and the transfer of its duties and responsibilities to the Department of Land and Natural Resources.

Your Committee is in agreement with the recommendation that the Commission be transferred from the Department of Defense to the Department of Land and Natural Resources.

Your Committee has amended this bill to correct minor drafting errors and to make other style changes.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 721, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 721, H.D. 1.

Signed by all members of the Committee.

SCRep. 572 Finance on H.B. No. 1100

The purpose of this bill is to increase the statutory fee for an identification certificate from \$2 to \$6.

The present statutory fee of \$2 has not been amended since 1957. Pursuant to section 92-28, Hawaii Revised Statutes, the fee was increased administratively by 50 per cent to \$3 in 1974. Since that time, however, the fee has remained unchanged.

During the past sixteen years, the costs involved in providing identification certificates have greatly increased. Your Committee finds that this bill is necessary to meet rising costs of the program and to provide more efficient service.

Your Committee agrees that the increase in fee proposed by this bill is justified and necessary to meet these costs.

Your Committee has amended this bill to correct an error in drafting.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 1100, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1100, H.D. 1.

Signed by all members of the Committee.

SCRep. 573 Finance on H.B. No. 1867

The purpose of this bill is to clarify and authorize the Survey Division of the Department of Accounting and General Services to sell copies of maps and plans of land that are under the custody and control of the Bureau of Conveyances.

Your Committee finds that there is no statutory authority for the Survey Division to print and sell copies of land court and file plan maps that are under the custody of the Registrar of Conveyances. The Survey Division has been providing this service for over forty years. Your Committee is in agreement that the termination of this service would cause great inconvenience. Your Committee agrees that this bill amending HRS 502-22 to authorize the Registrar of Conveyances to delegate this authority to the Survey Division is long overdue. The addition of a new section to HRS chapter 501 will authorize the Division to sell the land court maps.

Your Committee approves this bill with minor changes to correct drafting errors.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 1867 as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1867, H.D. 1.

Signed by all members of the Committee.

SCRep. 574 Water, Land Use, Development and Hawaiian Affairs and Agriculture on H.B. No. 519

The purposes of this bill are to amend subsection 205-4.5(a), Hawaii Revised Statutes, to (1) clarify the meaning of the term "farm dwelling," by requiring that agricultural activity constitute the predominant activity of occupants of a farm dwelling located within the agricultural district on lands classified by the Land Study Bureau (LSB) as A or B lands and (2) further qualify the definition of what constitutes permissible farming or agricultural activity on lands located within the agricultural district on lands classified by the LSB as A or B lands, by requiring that farming or agricultural activity is not casual or incidental to some other use of the land, or not undertaken in good faith with the demonstrable primary objective of developing and maintaining a viable agricultural use of the land.

Your Committees are in agreement with testimony received from the Departments of Agriculture (DOA), and Planning and Economic Development (DPED) that this bill should be amended by inserting the major provisions of H.B. No. 1877, to ensure the protection of the State's best agricultural lands and assure the long term availability of agriculturally suitable lands. Therefore, your Committees have made the following major amendments to this bill:

- (1) Replaced all references, contained in section 205-4.5, Hawaii Revised Statutes,

to the LSB soil classification system with references to the Agricultural Lands of Importance to the State of Hawaii (ALISH) system.

Your Committees find that references to the ALISH system are more desirable because this system (1) is based on new soil survey which extensively revised the data in the old survey used as a basis for the LSB system; (2) is based on interpretation of soil and other environmental data and is not influenced by current crop yield statistics and existing management practices; (3) is tied into a nation-wide effort to identify the best lands for crop production; (4) is mapped at the uniform scale of the 1:24,000 standard topographic maps; and (5) can be revised and updated as required by the U.S. Soil Conservation Service.

(2) Added a provision to section 205-4.5, Hawaii Revised Statutes, to require that lot sizes in newly approved agricultural subdivisions located on prime or unique agricultural lands must constitute economically feasible production units for the intended agricultural uses, and that occupants of farm dwellings on such lots must earn a major portion of their income from agricultural activity.

The purpose of this amendment is to protect the State's best agricultural lands from being converted to small lots which are primarily used for residential purposes rather than agricultural purposes. The present lack of lot size and income criteria under section 205-4.5, Hawaii Revised Statutes, makes enforcement of the agricultural use provision of the law practically impossible, and has led to misallocation of the State's best agricultural lands.

(3) Added a provision under section 205-5, Hawaii Revised Statutes, to require county agencies to forward all petitions relating to the zoning, subdivision, or permitted use of lands within the agricultural districts to DOA for review and comment prior to action being taken on said petitions by the county.

Your Committees find that this amendment is necessary for DOA to promote the optimal use of agricultural lands in the State.

(4) Added a provision under section 205-6, Hawaii Revised Statutes, to prohibit the issuance of special permits for hotels, airports, golf courses, commercial amusement parks, deep draft harbors, and residential subdivisions which are proposed to be located on lands within agricultural and rural districts.

Your Committees find that the purpose of this amendment is to restrict the types of uses which the counties may allow within agricultural and rural districts which are not permitted uses in these districts.

(5) Added provisions under section 205-6, Hawaii Revised Statutes, to require that both DOA and DPED be notified of the time and place of all hearings relating to special permits and that the review and comments of DOA be solicited by the county planning commission prior to action on any special permit.

Your Committees find that this amendment will ensure that DOA and DPED are given the opportunity to comment on the issuance of any special permit.

(6) Added a provision under section 205-6, Hawaii Revised Statutes, to require the county planning commission and Land Use Commission to use a list of six criteria when determining whether to issue a special permit.

Your Committees find that there is a need to provide additional guidance to the counties and the Land Use Commission regarding the granting of special permits to ensure that the granting of said permits is consistent with the overall objectives of Chapter 205, Hawaii Revised Statutes.

(7) Other nonsubstantive, technical, and conforming amendments.

In summary, the overall intention of H.B. No. 519, as amended, is to implement Article XI, Section 3 of the Hawaii State Constitution, by establishing standards and criteria which are designed to conserve and protect agricultural lands, and assure the long term availability of agriculturally suitable lands.

Your Committees on Water, Land Use, Development, and Hawaiian Affairs and Agriculture are in accord with the intent and purpose of H.B. No. 519, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 519, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committees.

SCRep. 575 Transportation on H.B. No. 1620

The purpose of this act is to require bicycle riders to give audible signals to pedestrians before overtaking and to further require persons to walk bicycles across streets, roadways and crosswalks by amending Section 291C.

Your Committee has amended subsection (e) of Section 291C-147 to read as follows:

"A person propelling a bicycle upon and along a sidewalk, highway, or crosswalk shall yield the right of way to any pedestrian and shall give an audible signal, orally or by mechanical means, before overtaking and passing such pedestrian; provided that no person shall so propel any bicycle which is equipped with a siren or a whistle."

Your Committee noted testimony by the Hawaii Bicycling League indicating concern about the need for both hands in controlling a bicycle in an emergency situation. It is believed that a cyclist can instantly shout a warning, saving precious time in emergency situations while leaving both hands free to control a bicycle. It is deemed far more cautious and far more informative to orally express intentions to pedestrians. Amending the bill as such would also be in compliance with the Uniform Vehicle Code produced by the National Committee on Uniform Traffic Laws and Ordinances.

In the best interest of the public, the riding of a bicycle in a crosswalk potentially presents a hazard to both motorists and pedestrians. Therefore, your Committee has further amended this bill to include a new Section 2 requiring the walking of a bicycle across streets, roadways and crosswalks.

Your Committee on Transportation is in accord with the intent and purpose of H.B. No. 1620, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1620, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives
D. Hagino, Anderson and Medeiros.

SCRep. 576 Agriculture and Water, Land Use, Development and Hawaiian
 Affairs on H.B. No. 1530

The purpose of this bill is to eliminate any instances of duplication of responsibility as may now exist in product promotion and market development and to otherwise increase the efficiency and effectiveness of resources allocated to agricultural product promotion and market development.

This bill provides that functions of the Department of Planning and Economic Development with respect to agricultural product promotion, Hawaii agricultural products program, agricultural development, contracts to assist agricultural commodity associations and the State fair or other exhibition of agricultural products shall be supportive of the policies, programs and activities established by the Governor's Agriculture Coordinating Committee.

This bill also provides that the Governor's Agriculture Coordinating Committee shall, upon approval of the Governor, allocate resources for the optimal development of agriculture.

Your Committees have made several amendments to this bill in accord with the recommendation of the Department of Agriculture and the Hawaii Farm Bureau Federation to make it clear that the Governor's Agriculture Coordinating Committee shall review and approve any agricultural product promotion and market development programs the State may be considering.

Your Committees have amended Section 2 of this bill by deleting the following phrase beginning on Line 17, page 4:

"supportive of the policies, programs, and activities relating to agricultural product promotion and market development established by",

and inserting the phrase "subject to the approval of".

Your Committees have also amended Section 4 of this bill by adding the following phrase after the word "programs" in line 9, page 8:

"including agricultural product promotion and agricultural development".

Your Committees have further amended Section 4 of this bill by deleting the word "to" on line 12, page 8:

Your Committees have also amended Section 5 of this bill by deleting the word "shall" in line 5, page 9, and inserting the phrase "may, with the approval of the governor's agriculture coordinating committee,".

Your Committees have further amended Section 5 of this bill by adding a period after the word "promotion" in line 18, page 9 and deleting the following phrase:

"[.]; provided with respect to agricultural development and product promotion the departments efforts shall be supportive of the policies, programs, and activities established by the governor's agriculture coordinating committee."

Your Committees have also amended Section 6 of this bill to correct a typographical error in line 11, page 12, by changing "204-4" to "201-4" to designate the correct statutory section referred to.

Your Committees have also amended Section 6 of this bill by deleting the following phrase beginning on line 13, page 13:

"supportive of the policies, programs, and activities relating to agricultural product promotion and market development established by",

and inserting the phrase "subject to the approval of".

Your Committees on Agriculture and Water, Land Use Development and Hawaiian Affairs are in accord with the intent and purpose of H.B. No. 1530, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 1530, H.D. 1, and be Placed on the calendar for Third Reading.

Signed by all members of the Committees.

SCRep. 577 Finance on H.B. No. 729

The purpose of this bill is to amend section 213 of the Hawaiian Homes Commission Act, 1920, as amended, to allow the granting of loans from the Hawaiian Home replacement loan fund for homes located on agricultural and pastoral lands.

Under present law the construction of replacement homes is restricted to Hawaiian homestead residential lots. The effect of this bill will be to allow the construction of replacement homes on Hawaiian homestead agricultural and pastoral lots.

Your Committee agrees with the purpose of this bill. Your Committee has amended this bill to make minor technical amendments.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 729 as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. 729, H.D. 1.

Signed by all members of the Committee.

SCRep. 578 Finance on H.B. No. 805

The purpose of this bill is to further implement the transfer of the real property tax function to the counties, as mandated by a 1978 state constitutional amendment, effective July 1, 1981.

The bill proposes to amend section 6 of Act 279, Session Laws of Hawaii 1980, by mandating each of the four counties to create real property assessment appeals boards created by ordinance with specific structure, procedures, powers, duties, and responsibilities. The bill also provides for the continuing jurisdiction of the appropriate board of taxation review in each taxation district to continue to hear and decide all appeals made prior to July 1, 1981.

Your Committee received testimony from the department of finance of the City and County of Honolulu which noted that the individual counties have already enacted ordinances

on appeals procedures, and which recommended an amendment to the bill.

Your Committee adopted this recommendation by deleting the requirement that each county establish a real property assessment appeal board by county ordinance. Further deletions include the specific structure, procedures, powers, duties, and responsibilities of the appeals boards. Furthermore, your Committee amended the bill to reflect that section 6 of Act 279 is codified as section 246A-4, Hawaii Revised Statutes, and to provide that although the counties are required to enact ordinances providing for appeals from assessments, and denials of exemptions or of dedications, the ordinances would not have to be consistent with procedures of chapter 232, Hawaii Revised Statutes.

Provisions of the bill providing for the continuing jurisdiction of the board of taxation for appeals made prior to July 1, 1981 were left intact in order to clarify the proper forum for pending appeals and appeals entered before July 1, 1981.

Other nonsubstantive, technical amendments have also been made.

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

Signed by all members of the Committee.

SCRep. 579 Finance on H.B. No. 926

The purpose of this bill is to make all material and information provided on general excise tax returns confidential.

Under HRS section 235-116 information on net income tax returns is made confidential, and your Committee agrees that the same requirement of confidentiality should be accorded to general excise tax returns. Information contained on both types of returns are highly personal and should have the same protection.

Your Committee has amended this bill to correct drafting errors and to conform language to HRS style.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 926 as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 926, H.D. 1.

Signed by all members of the Committee.

SCRep. 580 Employment Opportunities and Labor Relations on H.B. No. 605

The purpose of this bill is to amend Sections 378-32 and 378-33 of the Hawaii Revised Statutes, by adding discrimination as another unlawful act. The bill specifically allows the Department of Labor and Industrial Relations (DLIR) to order reinstatement to the prior position of an employee in a case where violation of the amended Section 378-32 is determined.

Current law prohibits suspension or discharge of an employee who has suffered from a work injury or has filed for bankruptcy or because the employer was summoned as a garnishee. However, an employee can be downgraded, reassigned to other duties at a lower rate of pay, or otherwise be discriminated against in condition or terms of employment under the above conditions without violating the law. This bill provides further protection to the employee in such cases by making such discrimination unlawful.

Your Committee has made a technical amendment to the bill.

Your Committee on Employment Opportunities and Labor Relations is in accord with the intent and purpose of H.B. No. 605, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 605, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 581 Water, Land Use, Development and Hawaiian Affairs on H.B. No. 511

The purpose of this bill is to enable people such as the Maunalaha Valley (Makiki) residents who have lived on the land for many years to obtain leases directly.

Your Committee finds that the Maunalaha Valley residents have lived there lawfully for many years (before 1920) and have built homes, also lawfully) prior to 1940.

Your Committee also finds that the various governments of Hawaii (since monarchical days) have expressed an intent to grant long term tenure to them. In spite of the documented evidence of such intent, the people of Maunalaha Valley have had only leases with a 30-day relocation restriction.

Your Committee further finds that the situation works an economic hardship because improvement financing cannot be found with only a 30-day tenure on the property. In addition, there is a moral obligation to enable the Valley residents to occupy the land with assurances which cover more than a month.

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

Signed by all members of the Committee except Representatives Takamine and Monahan.

SCRep. 582 Judiciary on H.B. No. 150

The purpose of this bill is to allow for the initiation of felony criminal prosecutions by way of a preliminary hearing as well as a grand jury indictment.

The Hawaii State Constitution currently provides that no person may be tried or held to answer for a capital or infamous crime unless prosecution is initiated by a grand jury indictment. Thus, under the present procedure, a felony indictment must be returned by a grand jury, even in cases where probable cause has been established at a preliminary hearing. This procedure necessitates that witnesses must testify twice, once at the preliminary hearing, and again before the grand jury. The requirement for both a preliminary hearing and grand jury hearing serves no useful purpose and only results in additional cost to the government, hardship on witnesses, and needless duplication and delay in the prosecution of felony cases.

Your Committee feels that the passage of this bill removes this additional burden on witnesses without adversely affecting the defendant's rights. In addition, the removal of duplication within the criminal justice system will insure that the defendant receive a speedy trial.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 150, and recommends that it pass Second Reading, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 583 Housing on H.B. No. 1445

The purpose of this bill is to increase the feasibility of private development of low- and moderate-income housing.

Under Sections 359G-10.5 and 46-15.1, Hawaii Revised Statutes, the Hawaii Housing Authority and county housing agencies are allowed to enter into an agreement with a private developer for the development of a housing project which is primarily designed for low- and moderate-income families. Currently the developer is required to sell at least sixty per cent of the units in the project at a sales price affordable to low- and moderate-income families. This requirement has made the development of projects under these sections unfeasible because the developer would be required to subsidize the low- and moderate-income units (60%) with the sale of the remaining units (40%). This bill would reduce the minimum percentage of low- and moderate-income units in a government-assisted housing project from sixty per cent to twenty per cent. This bill also broadens the range of affordable units to include housing for families who would qualify as eligible borrowers under the Hawaii Housing Authority's Hula Mae program. This change will permit a greater number of housing projects to qualify

under Sections 359G-10.5 and 46-15.1.

Your Committee received supporting testimony from the Hawaii Housing Authority, the Land Use Research Foundation and the Construction Industry Legislative Organization who testified that this bill would encourage private developers to produce more housing.

Your Committee recommends as an amendment to page 2, line 15 of the bill that "may" be changed to "shall". This will insure that the Hawaii Housing Authority and county housing agencies will have control over projects developed with government assistance after the projects are completed.

Your Committee on Housing is in accord with the intent and purpose of H.B. No. 1445, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1445, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 584 Water, Land Use, Development and Hawaiian Affairs and Public
Employment and Government Operations on H.B. No. 1021

The purpose of this bill is to exempt board chairmen who also function as department heads from the limitation of terms imposed by section 26-34, Hawaii Revised Statutes. The intent of the bill is to make their terms of office co-terminus with that of their appointing authority.

Your Committees find that there are three executive positions affected by this bill. They are the chairman of the Hawaiian Homes Commission, the chairman of the Board of Land and Natural Resources, and the chairman of the Board of Agriculture.

Your Committees find no compelling reason to treat these positions differently from other state department heads.

Your Committees have amended the bill to make a technical change. The word "seven" in line five of page seven has been changed to "eight" to make the sentence accurate.

Your Committees on Water, Land Use, Development and Hawaiian Affairs and Public Employment and Government Operations are in accord with the intent and purpose of H.B. No. 1021, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 1875, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committees.

SCRep. 585 Consumer Protection and Commerce and Judiciary on H.B. No. 1514

The purpose of this bill is to allow trained technicians to perform the postmortem removal of eyes from donors without the supervision of a doctor.

This bill would provide specifically that postmortem eye removal from donors by trained technicians is allowed for purposes of donation. Your Committees heard testimony that eyes must be enucleated within four hours of death if they are to be transplanted, and that there are only three ophthalmologists in the State available for tissue removal.

Your Committees agree with the intent of the bill to allow for eye enucleation on a timely basis performed by properly trained technicians for purposes of transplantation.

Your Committees have amended the bill by making organizational changes and technical corrections.

Your Committees on Consumer Protection and Commerce and Judiciary are in accord with the intent and purpose of H.B. No. 1514, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 1514, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committees.

SCRep. 586 Judiciary on H.B. No. 212

The purpose of this bill is to amend §712-1210, Hawaii Revised Statutes to conform the definition therein to the holding of the United States Supreme Court in Miller v. California, 413 U.S. 15, (1973).

Your Committee finds that the current state statutes on pornography, enacted in 1972, adopt the standards laid down by the United States Supreme Court in Memoirs v. Massachusetts, 383 U.S. 413 (1966), which were subsequently found deficient in Miller.

The Hawaii Supreme Court in State v. Manzo, 58 Hawaii 440, (1978), upheld the constitutionality of the existing state statutes on pornography. The reason that the court upheld the constitutionality of the existing state statutes was because it incorporated the definition and examples in Miller and construed them to be a part of the statutes.

The effect of this construction by the court was to limit the definition of pornographic materials or performance contained in §712-1210(5) to the sort of representation or description of specific "hard cores" sexual conduct given as examples in Miller.

Thus your Committee finds that the amendments proposed would merely conform the Hawaii Revised Statutes on pornography to the ruling of the United States and Hawaii State Supreme Courts.

The bill has been amended to provide for a more specific definition of community standard in terms of a specific geographic area. As amended, the community standard shall mean standards of the State; in other words, a statewide standard.

The United States Supreme Court in Jenkins v. Georgia, 418 US 153 (1974), agreed that the United States Constitution does not require that juries be instructed in state obscenity cases to apply the standards of a hypothetical statewide standard. The court in Jenkins said that although Miller, held that it was constitutionally permissible to permit juries to rely on the understanding of the community from which they come as to what constitutes a community standard, the States still have considerable latitude in framing geographical standards. Jenkins, Supra at 157.

Thus, the state may choose to define the term community standard as defined in Miller, without further definition of a more specific geographic area, or it may choose to define the standards with greater specificity as the State of California has done.

In effect, Miller found that the requirement that the jury evaluate material with reference to contemporary statewide standards of the State of California was permissible.

Your Committee has chosen to follow the State of California and provide a more specific geographic definition of community standard. Thus, the bill defines community standard as a standard of the state. The application of a statewide standard will insure uniform application of the law throughout the state, rather than the possible confusion of finding a book or film to be pornographic in one county while the same material may be found not to be pornographic in another county.

All individuals and organizations testifying on this bill agree that the proposed updated material of the existing pornography statute is desirable.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 212, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 212, H.D. 1, and that it be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 587 Judiciary on H.B. No. 423

The purpose of this bill is to repeal Section 572-4, Hawaii Revised Statutes in order to comply with Article I, Section 3 of the Hawaii State Constitution.

Your Committee finds that a separate statute relating to the domicile of married women is in conflict with the constitutional provision on equal rights. This bill will correct this problem by repealing the section concerning domicile.

However, merely repealing Section 572-4, could be interpreted as a return to the common law rules on marriage, with no legal entity in the wife. Therefore, the bill has been amended to provide a section on domicile that will insure that the right to

claim domicile in the state shall not be abridged or denied due to the sex of a person.

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

Signed by all members of the Committee.

SCRep. 588 Judiciary on H.B. No. 456

The purpose of this bill is to provide that any term of sex-specific gender used in the statutes include both sexes unless the subject or context clearly dictates otherwise.

Your Committee agrees that the proposed changes are appropriate.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 456, and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 589 Judiciary on H.B. No. 601

The purpose of this bill is to clarify who is exempt from the provisions of Chapter 134 of the Hawaii Revised Statutes relating to the ownership and possession of firearms in the performance of their official duties.

A literal reading of the present law allows any member of the military or naval forces of the State or the United States to carry firearms whether or not his duty requires him to or even when he is not on duty. This bill would add the modifying phrase "whose duties require them to be armed, while such persons are in the performance of their respective duties" to make clear that only certain members of the military can legally be armed and only under certain conditions.

While your Committee agrees that the law should be clarified in this area in order that the number of persons allowed to be armed be limited, your Committee feels that the placement of the modifying phrase at the end of section 134-11(1) is not desirable because, the phrase as placed, would apply to members of the police departments which raises the possibility that a policeman could not be legally armed while off-duty.

Testimony was presented by the Honolulu Police Department that police officers should be allowed to be armed even during their off-duty hours.

Your Committee has amended the bill by deleting those persons who your Committee feels should not be exempted from the provisions of Chapter 134, to wit: sheriffs, members of the military and naval forces of the State or the United States, and mail carriers.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 601, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 601, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 590 Judiciary on H.B. No. 431

The purpose of this bill is to replace sex specific terms in section 87-27, Hawaii Revised Statutes (Supplementing plan to federal medicare) with gender neutral terms.

Your Committee finds that the proposed change will conform the statutes to Article I, Section 3, of the Hawaii State Constitution, and will not affect the substantive rights of either spouse.

As presently written, the law permits health fund medicare reimbursements to only a female spouse of a retired male employee.

The Administrator of the Hawaii Public Employees Health Fund testified that, in actual practice, applications of both male and female spouses of employee members are accepted. However, the proposed change will clarify the law to conform to present practices.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 431, and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 591 Judiciary on H.B. No. 428

The purpose of this bill is to repeal Sections 573-3 through 573-5, Hawaii Revised Statutes in order to comply with Article I, Section 3 of the Hawaii State Constitution.

These laws were formally enacted to recognize the legal competency and rights of married women. The state ERA, which mandates equal rights and protection for men and women, now includes the rights covered in these sections. Your Committee feels that women rights covered by the present sections are no longer necessary.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 428, and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 592 Judiciary on H.B. No. 429

The purpose of this bill is to repeal Section 580-72, Hawaii Revised Statutes, in order to comply with Article I, Section 3 of the State Constitution, dealing with the equality of rights.

Your Committee finds that a separate statute authorizing a married woman to sue in her own name for separate maintenance is unnecessary because the constitutional provision now prevails. This bill will eliminate the unnecessary law by repealing Section 580-72, Hawaii Revised Statutes, in its entirety.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 429, and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 593 Judiciary on H.B. No. 687

The purpose of this bill is to prohibit an operator of a motor vehicle from holding in his lap or within his immediate area, a person, animal or large object which may interfere with his driving.

The Honolulu Police Department and the Department of Transportation testified in favor of this bill before your Committee.

Your Committee recognizes and is of the opinion that a driver of a motor vehicle should not have any kind of distraction or interference that might impair his concentration and driving. Your Committee believes that the bill will promote better driving by reducing distractions to the driver.

Your Committee has amended the bill by eliminating the words "large" and "may." The deletion of the words makes for greater clarity and ease in enforcing the statute.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 687, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 687, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 594 State General Planning on H.B. No. 1785 (Majority)

The purpose of this bill is to amend the Hawaii State Plan, chapter 226, Hawaii Revised Statutes; especially part II coordination and implementation.

The substantive amendments are as follows. 1. Amending section 226-51 "Purpose" such that legislative intent is clarified with respect to the establishment of planning process which learns from past planning exercises for the proper and adequate highlighting of critical issues, proceeding with questions in proper sequence, examining fully alternative approaches and the total integration and coordination of the various levels of planning to provide a process that is rigorous, readily discernable, understandable and meaningful from the beginning through implementation.

2. Amending section 226-52 such that the statewide planning system, as the critical success or failure section of the state plan, must be exacting and encompassing enough that the legislature and the administration can reach a consensus on problem areas, alternative approaches, options available, the sequence of actions, and the monitoring and evaluation of progress and success.

3. Amending section 226-54 to expand policy council duties particularly in the area of review of part II of the act, the statewide planning system coordination and implementation. Only part I, overall theme, objectives and policies and part III priority directions without providing for critical examinations and review of the plans coordination and implementation process. Without proper functioning of this section there is no plan, just ideals. After adoption of the functional plans the legislature only reviews the Policy Council recommendations and not the plans.

4. Adding new sections to provide for another order of planning called tactical plans. The primary purpose of these plans are to provide a basis for consensus among the legislature, the administration and the counties as to a work schedule to implement, monitor and evaluate the state plans success, failure, critical linkages among plans and agencies, conflicts and options. Further, to use established business and scientific computerized tools that identify tradeoffs and cross impacts in terms of their magnitude and significance.

These sections were added for two other purposes. First, that such activities must occur, if only informally, if the implementation of the functional plans are to succeed without waste in time, money, manpower, other resources, duplication, conflict, evaluation and tradeoffs which have plagued most past planning efforts of the state. In the era of fiscal austerity, accountability, and responsibility the legislature must ultimately shoulder their burden. Second, the legislature should recognize that it is pushing the limits of value of the functional plans and the agencies staff ability to incorporate an adequate amount and balance in each between the opposing forces of generality and specificity. There is tremendous work to be done in coordination implementation and integration which is of paramount importance for the people of our state.

5. Adding a new section which calls for review of the functional plans by the Commission on the Year 2000 periodically to assure or note for the legislature, any significant possible future changes from trends, events or assumptions which would require extensive revision in the plans or their implementation.

Your Committee feels that such amendments are necessary to insure that the planning process is more than another pro forma, exercise, to be discarded or diverted when problems are manifested. The legislature must insure that it is in accord with the counties and administration and that both the process, coordination and implementation are methodical, rigorous and a logical step-by-step approach that satisfies our needs, expectations and images of a future Hawaii as envisioned in the state plan and more importantly for our people.

Your Committee on State General Planning is in accord with the intent and purpose of H.B. No. 1785, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1785, H.D. 1, and be placed on the calendar for Third Reading.

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

SCRep. 595 Judiciary on H.B. No. 1341

The purpose of this bill is to amend the campaign contribution and expenditure laws to provide for a greater time in which to file campaign organizational reports with the Campaign Spending Commission.

The current law mandates four separate dates on which a candidate must file his organizational report. This requirement has caused candidates who are unfamiliar

with the contribution and expenditure laws to fail to file organizational reports by the required deadlines. To avoid the confusion of having to deal with four separate organizational reports, your Committee has amended the bill to provide that a candidate, committee, or party shall file an organizational report no later than 4:30 p.m. on or before the day of filing for nomination or election. If a committee is organized after the last day for filing for nomination or election, the organizational report is mandated to be filed within 10 days from the date the committee receives contributions in the aggregate amount of more than \$100. As amended, the bill would greatly simplify the filing deadline requirements for campaign organizational reports by specifying one single deadline for filing of the organizational report rather than the present four deadlines.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 1341, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1341, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 596 Employment Opportunities and Labor Relations on H.B. No. 1360

The purpose of this administration bill is to conform Chapter 383, Hawaii Revised Statutes, to Section 202 of the Federal-State Unemployment Compensation Act of 1970, amended effective September 26, 1980, by Public Law 96-364.

The federal law, as amended, prohibits payment of extended benefits on an interstate claim unless both the agent state, i.e., the filing state, and the liable state, i.e., the paying state, are in an extended benefits period. Extended benefits are still payable for the first two weeks on an interstate claim, but cannot be paid thereafter unless both states are in an extended benefits period.

Your Committee notes that nonconformity with the federal law may result in the loss of federal certification of the Hawaii Employment Security Law for employer tax credit.

Your Committee has made a technical amendment on this bill.

Your Committee on Employment Opportunities and Labor Relations is in accord with the intent and purpose of H.B. No. 1360, as amended herein, and recommends that it pass Second Reading, in the form attached hereto as H.B. No. 1360, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 597 Employment Opportunities and Labor Relations on H.B. No. 1359

The purpose of this administration bill is to conform Section 383-170, Hawaii Revised Statutes, to Section 202(a) of the Federal-State Extended Unemployment Compensation Act, as amended by Public Law 96-499.

Section 383-170 is to be amended to provide for the denial of extended benefits to any individual who fails to accept suitable work, as defined in this bill, or a referral to such work, or for failure to engage in a systematic and sustained search for work. The disqualification for failure to accept suitable work or referral to such work, or to make an active search for work is for the week in which the failure occurred and until the individual works at least four weeks and earns not less than four times his weekly benefit amount.

Your Committee notes that nonconformity with the Federal law may result in the loss of federal certification of the Hawaii Employment Security Law for employer tax credit.

Your Committee has made a number of technical amendments to this bill.

Your Committee on Employment Opportunities and Labor Relations is in accord with the intent and purpose of H.B. No. 1359, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1359, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 598 Corrections and Rehabilitation on H.B. No. 1931

The purpose of this bill is to delete HRS 352-16(C), requiring at least the minimum wage for wards on work release employment.

Favorable testimony was received from the Department of Social Services and Housing only if this would generate more job opportunities; it would then be advantageous in having more persons on the work release plan.

Your Committee on Corrections and Rehabilitation is in accord with the intent and purpose of H.B. No. 1931 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 599 Judiciary on H.B. No. 540

The purpose of this bill is to amend section 478-2, Hawaii Revised Statutes, to change the rate of interest payable on judgments in civil suits. Interest on judgment was amended to eight per cent in 1979. The bill proposes to set the interest rate at two per cent below the prevailing prime interest rate set by the Federal Reserve Board, said rate to be adjusted twice a year in January and July.

Your Committee finds that the prime interest rate has risen as high as 22 per cent and is now 18.5 per cent at many major financial institutions. This disparity between the rate set by law on judgments and the commercial market rate is so great that it can lead to situations where a defendant who loses a civil suit may find it advantageous to defer payment or to resort to frivolous appeals to take advantage of the interest disparity between the present judgment rate and the prevailing market rate in the commercial market place.

Although your Committee feels that an adjustment in the interest rate on judgments is necessary, it is not convinced that a floating rate tied to the prime rate is the answer. Such a rate would require too frequent adjustments and may cause confusion and further litigation as to amounts owed in interest. Therefore, the bill has been amended to provide that the interest rate on judgments in civil suits shall be 10 per cent.

Your Committee has further amended this bill by making technical, nonsubstantive corrections.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 540, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 540, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 600 Judiciary on H.B. No. 541 (Majority)

The purpose of this bill is to reduce the age at which the Family Court may waive jurisdiction over a minor from the present sixteen years to fourteen years of age. The bill provides that if the Family Court finds that a minor who is at least fourteen years commits a crime that would be a felony if committed by an adult, the court must waive jurisdiction to the adult criminal court provided that the Family Court further finds that the minor has been previously adjudicated to be a law violator who has committed any of the following:

1. Any act which is prohibited by law as being a class A felony;
2. Two or more acts within the last three years which are each prohibited by law as being a felony;
3. One or more acts which are each prohibited by law as being a felony and two or more acts which are each prohibited by law as being a misdemeanor, all within the last three years; or
4. Five or more acts within the last three years which are each prohibited by law as being a misdemeanor.

The bill also makes other technical changes to the statute.

The present statute provides for a waiver of jurisdiction by the Family Court only after an investigation and hearing, and where the court finds that there are no available institutions for care and treatment of children or that the safety of the community requires continued judicial supervision beyond minority.

A similar bill was passed by the Tenth Legislature in its Regular Session of 1980. The Governor vetoed the bill because there was a mandatory waiver provision that could under certain circumstances eliminate a minors' due process right to a waiver hearing.

The present bill addresses the defects of the 1980 bill. It provides for mandatory waiver of the minor only after the court has held a waiver of jurisdiction hearing and where the minor is found to have been a previous law violator who has committed specific acts spelled out in section 571-22(c).

Your Committee feels that holding minors accountable for their actions is necessary to deter the increasing number of criminal acts involving threat of force or violence, and to deter other serious criminal offenses by minors.

The bill has been amended to retain the existing age requirement of sixteen years for a waiver of jurisdiction by the Family Court. Your Committee believes that the lowering of the age requirement to fourteen is not justifiable.

Your Committee has also amended the bill by changing one of the criteria by which a minor who is found to be a law violator must be waived and by eliminating one other criterion. As amended, the bill provides that the court must waive its jurisdiction only after a minor who is at least sixteen years of age is charged with a class A felony, and he has been previously adjudicated to be a law violator by committing any of the following:

1. A class A felony involving force of violence or the threat of force or violence;
2. Two or more acts within the last three years, each of which is a felony;
or
3. One or more acts which are prohibited by law as being a felony and two or more acts which are prohibited by law as being a misdemeanor, all within the last three years.

In effect, the bill specifies the circumstances under which the Family Court must waive jurisdiction of a minor who is sixteen years of age or older.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 541 as amended herein, and recommends it pass Second Reading in the form attached hereto as H.B. No. 541, H.D. 1, and that it be placed on the calendar for Third Reading.

Signed by all members of the Committee.
(Representatives Baker, Hirono and Waihee did not concur.)

SCRep. 601 Judiciary on H.B. No. 204

The purpose of this bill is to amend Section 806-60, Hawaii Revised Statutes (criminal procedure: circuit courts), to clarify the language of the section to insure that a serious crime does not include violation of petty misdemeanors.

H.B. 204 is being used as a vehicle to pass the proposed amendment which is embodied in H.B. No. 198 (Relating to Hawaii Rules of Evidence). Your Committee is of the opinion that the intent of H.B. No. 198 is laudable and necessary. However, it does not belong in this H.R.S. section on the Hawaii Rules of Evidence, but rather, in Chapter 708, Hawaii Revised Statutes (offenses against property rights). Your Committee has accordingly appropriated and amended H.B. No. 204 as a vehicle.

Your Committee has amended the bill to provide that property recovered in theft and related offenses may be photographed and the photographs admitted as competent evidence in a court of law.

This provision will permit the police to photograph and return property of a victim of burglary or theft after the item has been photographed. Under current procedure, the recovered property is kept by the police until the trial and appeal on the matter have been concluded. In many cases, this means that the victim loses the use of the property for months, and possibly years.

Presently, the police already photograph and return stolen motor vehicles to the owners. In shoplifting cases, Section 708-830 also provides for the photographing and return of shop-lifted items to the merchant.

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

Signed by all members of the Committee.

SCRep. 602 Judiciary on H.B. No. 1340

The purpose of this bill is to prohibit any member of the Campaign Spending Commission, during his tenure, from holding or seeking election to public office or from actively participating in any political party or participating in or contributing to an election campaign.

The Campaign Spending Commission testified that it is the current policy of the commission that the members of the commission should not actively engage in politics. Your Committee feels that members of the Campaign Spending Commission should not engage actively in any political campaign or seek public office, since they are "overseers" of the spending practices of individuals seeking elective office and should be above reproach.

Your Committee has amended this bill by making technical, nonsubstantive amendments.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 1340, as amended herein and recommends that it pass Second Reading, in the form attached hereto as H.B. No. 1340, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 603 State General Planning and Water, Land Use, Development and
Hawaiian Affairs on H.B. No. 53 (Majority)

The purpose of this bill is to conform the actions and land use decision-making by the State Land Use Commission with the Hawaii State Planning Act (Chapter 226, Hawaii Revised Statutes; also referred to as the Hawaii State Plan) by establishing permanent statewide land use management policies to guide the Commission.

Section 4 of the bill repeals the following sections of the Hawaii Revised Statutes: (1) Section 205-16, which requires that upon enactment of the (Hawaii) State Plan, amendments to any land use district boundary and other actions of the Land Use Commission shall conform to the State Plan; (2) Section 205-16.1, which sets forth and adopts interim statewide land use policies to be observed and complied with by the Land Use Commission from June 2, 1975, until two years after the effective date of the enactment of the Hawaii State Plan; and (3) Section 205-16.2, which provides that the interim statewide land use guidance policies in section 205-16.1 shall be in effect from June 2, 1975, until two years after the effective date of the enactment of the State Plan.

These repealed sections of the Hawaii Revised Statutes are replaced in section 2 of the bill by provisions which, among other things, require any district boundary amendment and any other action by the Land Use Commission to conform to "applicable provisions" in the Hawaii State Planning Act and provides "new" or amended statewide land use management policies, of a permanent nature, to guide the Land Use Commission in lieu of the statewide land use policies in section 205-16.1, Hawaii Revised Statutes, which expired in May, 1980 (two years after the effective date of the enactment of the Hawaii State Plan).

Section 2 of the bill further provides that where the Land Use Commission finds that "substantial injustice and inequity will result, or where observance and compliance with these policies will obstruct or prevent the construction or implementation of a public facility or project which has been approved by the Legislature the Commission need not comply with the statewide land use management policies set forth in this section 2 of the bill.

Your Committees have amended Section 2, Section 205- (a) of the bill, relating to compliance with the Hawaii State Planning Act, to read as follows:

"No amendment to any land use district boundary nor any other action by the land use

commission shall be adopted unless such amendment or other action conforms to the Hawaii state plan and adopted functional plans. All decisions and orders of the land use commission shall address conformance of the amendment or other action to the Hawaii state plan and adopted functional plans."

The purpose of this amendment is to ensure that any action of the Land Use Commission complies with the provisions of adopted functional plans as well as with the Hawaii State Plan. Your Committees find that this amendment is advisable because it requires the Land Use Commission to comply with the provisions of adopted functional plans, which are an integral part of the Hawaii State Plan.

The following are the significant amendments made by your Committees to Section 2 of the bill with respect to the statewide land use management policies:

(A) For the urban district:

(1) Section 205- (b)(1), relating to the urban district, has been amended by adding language to ensure that land be classified to an urban district only as necessary to accommodate urban growth and development, where it is demonstrated that such growth and development is "based on a ten-year projection," consistent with current population and economic projections of the Department of Planning and Economic Development.

(2) Section 205- (b)(2), relating to the urban district, has been amended to read in a slightly modified version as follows:

"Lands shall be reclassified to urban district only when there is adequate existing public services and facilities, such as, but not limited to, transportation, water, sewer, police and fire protection, or when such additional services and facilities as are necessary can be provided by the appropriate public agencies in accordance with the long-range plans of, and with no unreasonable burden upon, the fiscal and other resources of the appropriate agencies or by the petitioner with the concurrence of the appropriate public agencies, and the residents of the area affected or their designate."

(3) Section 205- (b)(3), relating to the urban district, has been amended to provide that lands may be reclassified to the urban district if they constitute all, or an addition to, a self-contained urban center, and reads as follows:

"Lands shall be reclassified to urban district only if such lands are contiguous to an existing urban district and such reclassification would not contribute to scattered urban development; provided that lands may be reclassified to the urban district if they constitute all, or an addition to, a self-contained urban center."

(4) Section 205- (b)(4), relating to resort developments, has been amended by adding language which requires the buildings and structures of resort developments to be set back "100 yards" from the upper reaches of the wash of the waves.

Your Committees find that the purpose of this amendment is to require the Land Use Commission to require any petitioner for a district boundary amendment for a resort development to set back any buildings and structures of such development 100 yards from the shoreline in order to preserve and protect coastal resources, including but not limited to scenic and recreational resources, and to help implement the coastal zone management objectives and policies of Chapter 205A, Hawaii Revised Statutes.

(5) Section 205- (b)(5), relating to housing for gap-group and low-income households, has been amended by substituting the phrase "twenty-five percent" for the phrase "a reasonable percentage," and by adding language to require the Land Use Commission to define the terms "gap-group household" and "low-income households."

Your Committees find that the phrase "a reasonable percentage" is not defined and does not provide sufficient guidance to the Land Use Commission in making district boundary amendments.

(B) For the agriculture district:

(1) Section 205- (c)(1), relating to agricultural lands, has been amended, and reads as follows:

"Lands with soil classified by the land study bureau's detailed land classification as overall (master) productivity rating class A or B and lands with soil classified by the department of agriculture as prime and unique agricultural land shall be maintained in an agricultural district; provided that in the event any such lands

so classified are reclassified by the commission from an agricultural district, such a reclassification decision or district boundary amendment made by the commission shall be subject to disapproval by the legislature by two-thirds vote of either the senate or the house of representatives or by majority vote of both in any regular or special session next following the date of any such reclassification decision or district boundary amendment. The commission shall submit for introduction to the legislature a resolution for review of any such reclassification decision or district boundary amendment made by the commission twenty days prior to the convening of any regular or special session. The resolution shall contain a list of all such reclassification decisions or district boundary amendments made by the commission together with such appropriate information as will enable the legislature to properly review the commission's decisions or actions."

The purpose of this amendment, among other things, is to implement in part, Article XI, Section 3 of the Hawaii State Constitution which reads as follows: "The State shall conserve and protect agricultural lands, promote diversified agriculture, increase agricultural self-sufficiency and assure the availability of agriculturally suitable lands."

Your Committees find that this amendment will enable the legislature to disapprove of any reclassification of lands with soil classified by the Land Study Bureau's Detailed Land Classification as Overall (Master) Productivity Rating Class A or B and lands with soil classified by the Department of Agriculture as prime and unique agricultural land made by the Land Use Commission from an agricultural district.

(2) Section 205- (c)(3), relating to the reclassification of specified lands into an agricultural district, has been amended to read as follows:

"Preference shall be given to retaining in and reclassifying into agricultural district any lands that are presently in agricultural use, or have economic potential for use, as or for agricultural parks; aquaculture; the cultivation of diversified crops; sugar; pineapple; feed grains and livestock; or are deemed necessary for the continued viability of agricultural operations."

The purpose of this amendment is to ensure that preference is given to retaining in the agricultural district any lands that are presently in agricultural use, or which have economic potential for agricultural use. In addition, this amendment eliminates the requirement that the Land Use Commission give preference to reclassifying into the agricultural district lands designated as agricultural lands of importance by the Department of Agriculture.

(3) Two new sections, designated as Section 205- (c)(4) and (c)(5), have been added to ensure (1) that the cumulative and regional impact of urban classifications upon surrounding lands be considered in all boundary amendment petitions proposing the reclassification of agricultural district lands, and (2) that lands not be reclassified from the agricultural district if such reclassification will substantially impair present or potential agricultural production of surrounding lands.

(C) For the conservation district:

(1) Section 205- (d)(2)(B), relating to the conservation district, has been amended by adding language to include that preference shall be given to classifying into the conservation district: "areas of slope greater than twenty percent".

(2) A new section, designated as section 205- (d)(2)(C), has been added so that preference is required to be given to the classifying of lands into the conservation district, which are "watershed areas determined pursuant to section 183-31."

Your Committees find that this amendment is advisable in order to encourage the classification of watershed areas into the conservation district to protect such areas.

(3) A new section, designated as section 205- (d)(3) has been added to the list of policies relating to the conservation district, and reads as follows: "Lands in the conservation district which have significant resource value shall be maintained in the conservation district."

(D) For the rural district:

(1) Section 205- (e)(3), relating to the rural district, has been amended to read in a slightly modified version as follows:

"Lands shall be reclassified to rural district only when there is adequate existing public services and facilities, such as, but not limited to, transportation, water, sewage, police and fire protection, or when such additional services and facilities as are necessary can be provided by the appropriate public agencies in accordance with the long-range plans of, and with no unreasonable burden upon, the fiscal and other resources of the appropriate agencies or by the petitioners with the concurrence of the appropriate public agencies, and the residents of the affected area of their designate."

(2) A new section, designated as section 205- (e)(4), has been added to further guide the Land Use Commission in its decision-making with respect to district boundary amendments relating to the rural district, and reads as follows:

"Lands shall not be reclassified into the rural district where the rural development proposed would further promote and accelerate urban growth and an urban level of services and facilities."

(E) For any district boundary amendment:

(1) Section 205- (f)(1), has been amended by adding the phrase "most recent" to ensure that the most recent county general plan and applicable development plan is considered by the Land Use Commission in any district boundary amendment.

(2) Section 205- (f)(2), relating to cumulative impacts of any district boundary amendment, has been further clarified by specifying some of the types of cumulative impacts which the Land Use Commission is required to consider and set forth specific findings on, during its decision-making on any district boundary amendment.

(3) Section 205- (f)(6), has been amended by adding language which requires that new developments not be allowed which would "prevent the maintenance of instream use and water levels necessary to protect water quality; to sustain fish, wildlife, and other organisms; to preserve aesthetic values and recreational opportunities." Additionally, the phrase "designated by the board of land and natural resources pursuant to chapter 177" has been deleted from page 11, lines 3-4 of H.B. No. 53.

The purposes of this amendment are to ensure that district boundary amendments are not approved if such district amendments will (1) prevent the maintenance of minimum stream flows or (2) diminish the recharge capacity of any groundwater area regardless of whether such groundwater area has been designated by the Board of Land and Natural Resources as a groundwater area.

(4) Section 205- (f)(8), relating to the restoring of land to its former classification when such land has been reclassified to a higher use but which higher use has been abandoned or not implemented within a reasonable period, has been deleted, and similar provisions as those contained in this section have been incorporated in section 3 of this bill, as amended.

(5) Two new sections, designated as sections 205- (f)(8) and (9), have been added to further guide the Land Use Commission in making any district boundary amendment. These new sections read as follows:

(a) "Not cause unreasonable acceleration of the projected overall rate of growth or the timing and capacity of public service and facility improvements, as provided in the applicable county general plan or development plan, in the district or area impacted by the boundary reclassification;" and

(b) "Not reclassify any lands where the proposed urban or rural development will impair present and potential agricultural production upon surrounding lands."

Your Committees have also amended Section 3 of the bill in the following major respects:

(1) Section 205-4(a) has been amended by substituting the term "excluding" for the term "including."

The purpose of this amendment is to prohibit the Land Use Commission from petitioning itself for a change in any land use district boundary.

(2) Section 205-4(g) has been amended by substituting section "2 of this Act" for section number "205-16.1."

(3) Section 205-4(h) has been amended to read as follows:

"No amendment of a land use district boundary shall be approved unless the commission finds upon the clear preponderance of the evidence that the proposed boundary is reasonable and not violative of section 205-2 and section 2 of this Act."

(4) Section 205-4 has been amended by adding a new subsection, designated as Section 205-4(j) which reads as follows:

"The appropriate county agency charged with the administration of county zoning laws shall monitor the progress of petitioners in complying with any condition or representation incorporated in an action of the commission pursuant to subsection (g) above and make annual reports to the commission and the department of planning and economic development of such progress. Whenever the commission shall have reason to believe that a petitioner or its successor in interest has failed to comply with any condition or representation, or has failed to make substantial progress during the past five-year period in development or using the property for the use for which the reclassification had been requested and granted, the commission shall, upon its own motion or upon a motion of a party to the boundary amendment proceeding, issue and serve upon the petitioner or its successor in interest an order to show cause why the property should not revert to its former land use classification. After the petitioner has been given an opportunity for a hearing, the commission may rescind the reclassification action and have the property revert to its former land use classification, or, if good cause be shown, allow the reclassification to remain as is or with modification of the conditions and representations."

The purposes of this amendment are to ensure that petitioners for land use district boundary amendments comply with any condition or representation incorporated in an action of the Land Use Commission pursuant to subsection 205-4(g), Hawaii Revised Statutes, and to allow the Land Use Commission to revert property to its former land use classification or, if good cause is shown, allow the reclassification to remain as is or with modification of the conditions or representations.

Your Committees have also made technical amendments to the bill of a non-substantive nature.

In summary, the overall orientation of this bill, as amended, is to set forth more specific policies to guide the actions and land use decision-making by the Land Use Commission, in order to help implement the intent of the Hawaii State Planning Act and Article IX, Section 6 and 8, and Article XI, Sections 1 and 3 of the Hawaii State Constitution.

Your Committees on State General Planning and Water, Land Use, Development, and Hawaiian Affairs are in accord with the intent and purpose of H.B. No. 53, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 53, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committees except Representatives Albano, Andrews, Kawakami, Taniguchi, Isbell, Monahan and Narvaes.
(Representative Anderson did not concur.)

SCRep. 604 Water, Land Use, Development and Hawaiian Affairs on H.B. No. 1590

The purpose of this bill, as received by your Committee, is "to maintain the current natural environmental character of Ke'ehi Lagoon" by appropriately amending Chapter 171, Hawaii Revised Statutes, relating to public lands, so that no submerged lands or lands beneath tidal waters of Ke'ehi Lagoon may be leased or disposed of under a development agreement to any person.

Your Committee was informed by the Department of Land and Natural Resources that authorization for the development of submerged lands in Ke'ehi Lagoon would come before the Legislature via concurrent resolution. Consideration of the issue of development in Ke'ehi Lagoon must therefore await the submittal of the concurrent resolution.

However, your Committee believes that legislative authorization should be required whenever the Board of Land and Natural Resources leases submerged lands and lands beneath tidal waters. Accordingly, your Committee has amended the bill in the following major respects:

(1) By amending the purpose section (Section 1) of the bill so that the purpose, in summary, is to help preserve and protect the environment by requiring prior legislative

authorization for the leasing and development of submerged lands and lands beneath tidal waters;

(2) By making appropriate amendments to Section 2, which amends section 171-53(c), Hawaii Revised Statutes, to conform with the amended purpose.

(3) By deleting Section 3 of the bill.

(4) By renumbering Sections 4 and 5 as Sections 3 and 4.

Your Committee on Water, Land Use, Development, and Hawaiian Affairs is in accord with the intent and purpose of H.B. No. 1590, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1590 H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Kawakami, Isbell, Monahan and Narvaes.

SCRep. 605 Judiciary on H.B. No. 1255

The purpose of this bill is (1) to allow the registration affidavit of an Office of Hawaiian Affairs (OHA) voter to also apply to all elections, primary, special primary, general, special general, special, or county, held in the State, and (2) to require the election clerk to purge the OHA voter registration list of any voter who fails to vote in both the OHA election and the regular general election provided that the voter also failed to vote in the preceding primary election.

Your Committee finds that under present law the registration of a voter for the OHA election is a separate registration apart from the registration for the regular elections. In order to keep these two registrations separate and distinct, our present system provides for two separate registration forms. During the last general election this resulted in confusion among the voters registered for only the OHA election because many of these voters were under the impression that they were also registered to vote in the regular general election. The effect of this bill will be to allow the OHA voter to subscribe to one affidavit and enable him to vote in all elections permitted under Title II of the election laws.

Your Committee further finds that the present practice of election clerks is to purge the voter registration list every two years in order to maintain a current and updated list of voters. The effect of this bill is to require the appropriate clerk to purge the OHA voter registration list of any voter who fails to vote in both the OHA election and the regular general election as well as the preceding primary election. This proposed change will conform with current practices of election clerks.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 1255 and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 606 Judiciary on H.B. No. 432

The purpose of this bill is to prohibit the department of land and natural resources from disposing of public lands to any person who practices discrimination based on sex. The bill also prohibits land from being granted in support of a policy which discriminates on the basis of sex.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 432, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 607 Judiciary on H.B. No. 762

The purpose of this bill is to amend Chapter 192, Hawaii Revised Statutes, by (1) requiring that persons convicted of violating this Chapter be found guilty of a petty misdemeanor; (2) increasing the maximum penalty for fines for violations of this Chapter from \$100 to \$500; and (3) reducing the maximum imprisonment penalty for violations of this Chapter from three months to thirty days to conform with the Hawaii Penal Code.

Your Committee finds that under present law the penalty provisions for violations relating to the breeding, raising, and selling of game birds have not been sufficient in deterring violations of Chapter 192, Hawaii Revised Statutes. The effect of this bill will be to deter violations of, and promote meaningful enforcement of the provisions of Chapter 192, Hawaii Revised Statutes.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 762 and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 608 Judiciary on H.B. No. 763

The purpose of this bill is to amend Chapter 195, Hawaii Revised Statutes, by (1) requiring that persons convicted of violating this Chapter be found guilty of a misdemeanor; (2) increasing the maximum penalty for fines for each violation of this Chapter from \$100 to \$1,000; and (3) increasing the maximum imprisonment penalty for each violation of this Chapter from thirty days to one year.

Your Committee agrees that the present penalty provisions for violating laws and rules applicable to the Natural Area Reserves System designed to protect native ecosystems are not sufficient to deter continued violations.

Your Committee feels the increased penalties proposed for violations of laws and rules applicable to the Natural Area Reserves System, will help to deter further violations.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 763 and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 609 Judiciary on H.B. No. 723

The purpose of this bill is to authorize the chairperson of the Department of Education's District Complaint Board who presides over a civil rights complaint hearing conducted in accordance with the rules and regulations promulgated by the Department, to issue subpoenas to compel the attendance of witnesses and the production of documents.

Under Department's Rule 52, each of the seven school districts in the State has established a District Complaint Board to receive, hear, and decide on the merits of discrimination complaints filed by public school students or their parents. These boards presently lack the power to compel the attendance of witnesses in a complaint hearing. Without such power, the testimony of key witnesses may be lacking; the lack of such information may then, on occasion, prevent the District Complaint Board from reaching findings of the fact and from issuing a declaratory decision on the merits of the charges. Your Committee agrees that subpoena powers are needed by the District Complaint Boards to facilitate the disposition of civil rights complaints heard.

The bill also provides that any party may appeal the findings and decision of the district complaint board as provided by federal law or Chapter 91, Hawaii Revised Statutes.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 723 and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 610 Judiciary on H.B. No. 1025

The purpose of this bill is to provide that no bail be allowed where an individual is on parole for a prior offense.

Your Committee finds that parolees are involved in a great number of criminal cases and that such individuals, when they continue their criminal lifestyle, pose a threat to the community. Your Committee also finds that a person with an extensive criminal history should not be permitted to remain at liberty while on bail.

The bill remedies the above-mentioned situation in that discretion is taken away from the trial court and such persons must be committed without bail pending a determination

of their charges.

Your Committee, in conformity with the intent of the bill, has chosen to make an amendment and delete certain language in subsection (3), and add the changes to the present law in a new subsection. The amendment maintains the intent and purpose of the bill, and gives it greater clarity.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 1025, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1025, H.D. 1, and that it be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 611 Judiciary on H.B. No. 206

The purpose of this bill is to sentence a person convicted of attempted murder to life imprisonment without possibility of parole, or life imprisonment with the possibility of parole, depending on the circumstances involved.

Your Committee recognizes that under the present law, a person convicted of attempted murder is not subject to the same sentence as the convicted murderer. The sentence is less severe.

Your Committee finds this situation to be unacceptable. The only real difference between murder and attempted murder is that the victim's life has been saved by either a miracle of modern medicine or a stroke of luck. In either case, the intent to kill is the same. Your Committee, therefore, is in support of this bill which would provide similar sentences for both the offenses of murder and attempted murder.

Your Committee has amended the bill to provide that when there is an attempted murder of a person while defendant is imprisoned (punishable by life without parole), the court shall order the Director of DSSH and the Hawaii Paroling Authority to file for an application to commute the sentence to life with parole at the end of twenty years of imprisonment.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 206, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 206, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 612 Judiciary on H.B. No. 1337

The purpose of this bill is to include committees which accept contributions or make expenditures on behalf of candidates or ballot issues that may appear on the ballot at the next applicable election subject to the reporting provisions of Chapter 11 of the Hawaii Revised Statutes.

Under present law, a committee is subject to the reporting provisions of Chapter 11 only if the issue or question is "reasonably certain" to appear on the ballot. Due to the vagueness of this language, the Campaign Spending Commission has found it difficult to determine when they could compel a political committee to file a campaign organizational report. It is conceivable that a political action committee could control whether or not an issue would be placed on the ballot and, therefore, avoid filing an organizational report.

Your Committee has amended this bill by redefining the word "committee" in section 11-191(6)(A), Hawaii Revised Statutes, to remove the words "appears or is reasonably certain to" to provide that any committee organized for the purpose of accepting contributions or making expenditures for or against a candidate, issue or question that may appear on the ballot would be subject to the reporting requirements of Chapter 11 of the Hawaii Revised Statutes.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 1337, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1337, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 613 Judiciary on H.B. No. 1310

The purpose of this bill is to add a new section to the Hawaii Revised Statutes creating the offense of custodial interference in the first degree and making it a class C felony.

Your Committee finds that with the large number of divorces in Hawaii in recent years, an increasing number of cases involve issues of child custody. Under present laws, it is not a felony for a parent to steal a child in violation of a custody order and flee the State. Therefore, as the law stands in Hawaii, a fugitive felony warrant could not be issued and the federal criminal provisions under the Parental Kidnapping Prevention Act of 1980 (to take effect July 1981) would not be applicable, as the federal Act only applies to felonies.

It is presently a misdemeanor under the custodial interference statute, §707-723, Hawaii Revised Statutes, for any person to knowingly take or entice a minor child from the custody of someone who has a court order granting custody.

The bill creates a new crime of custodial interference in the first degree, which makes it a class C felony for a relative of a child to knowingly take the child away from a person who has the right to the child's custody based on a court order, and to leave the State of Hawaii with the child. The bill retains the existing language of Section 707-723 and reclassifies it as custodial interference in the second degree, a misdemeanor. This would cover situations where a relative or non-relative of a child takes and conceals the child within the State in violation of a court order.

The crime of custodial interference in the first degree would cover a specific, limited situation. Three elements must be present:

1. The snatcher must be a relative;
2. The child must be taken in violation of a court order; and
3. The person and child must leave the State. This provision would not, for example, cover the situation where a child is sent to the mainland to visit with the non-custodial parent who lives there and the parent decides not to return the child to the parent in Hawaii.

The change in the classification of custodial interference in the first degree to a class C felony will enable the State to enforce its power of extradition. Thus, if a fleeing parent is found in another state, the custodial parent may ask the State to extradite the parent in violation of the law. The passage of this bill should serve as a deterrent against child stealing and provide local and federal law enforcement authorities with the necessary tools to investigate and prosecute child snatching cases.

Your Committee has amended this bill by reflecting the creation of the new misdemeanor offense of custodial interference in section 707-722, Hawaii Revised Statutes. Section 707-722 defines the offense of unlawful imprisonment in the second degree, and sets forth an affirmative defense to section 707-723, the current custodial interference section. With the proposed repeal of section 707-723, the reference thereto in section 707-722(2) must be changed to refer to the offense of custodial interference in the second degree, with the section designation delegated to the Revisor of Statutes.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 1310, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1310, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Kawakami.

SCRep. 614 Judiciary on H.B. No. 1176

The purpose of this bill is to permit right of access to motor vehicle registration information (section 286-41, Hawaii Revised Statutes) furnished by an individual to the State, political subdivisions of the state, federal departments or agencies, and other persons under certain conditions.

The bill states that persons who request information from the statewide traffic system and who are not with the state or federal government must comply with the following requirements before right of access to the information is granted:

1. Presentation of a cogent reason to the director of transportation

to obtain information relating to verification of vehicle ownership, traffic safety programs or research of statistical reports. The person shall be required to give written notice by mail to owners of vehicles.

2. Filing of an affidavit with the director of transportation assuring that the information received is used only for the stated purpose, that the individual identities will be protected, and that it will not be used to compile a mailing list for purposes of commercial solicitation or delinquent account collection.
3. Filing of a written agreement providing for a fee for the information, and a corporate surety bond in favor of the state in the penal sum of \$25,000, conditioned upon full and faithful performance of the terms of the agreement.

The Tenth Legislature in the 1980 session passed H.B. 2680-80, H.D. 1, S.D. 2 which in many respects is similar to the present bill. However, the Governor vetoed the bill because it restricted access to information by other government agencies. The present bill contains no such restrictions.

Your Committee recognizes that the information furnished by an individual and maintained in county files or computers constitutes a public record within the meaning of sections 92-50 and 92-51 of the Hawaii Revised Statutes. Your Committee also recognizes that the right of privacy of individuals must be protected from unwarranted intrusion.

Your Committee has amended the bill to provide more clarity, and to add further restrictions on the use of the information.

Your Committee feels that the provisions of this bill allow reasonable access to motor vehicle registration information contained in the statewide traffic records system while protecting the privacy rights of individuals whose names appear in the records.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 1176, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1176, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Kawakami.

SCRep. 615 Judiciary on H.B. No. 1745

The purpose of this bill is to redefine the offense of resisting an order to stop a motor vehicle, and to delineate two separate classes thereof. The bill provides that if a person refuses to stop his vehicle after a visual or audible signal is given by a police officer and causes bodily injury or property damage, or creates a substantial risk of such, the offense is punishable as a class C felony. In the event there is no bodily injury or property damage, or no such risk, the offense is punishable as a misdemeanor.

Your Committee finds that in a large number of cases, a defendant's disregard of an officer's signal to stop a motor vehicle results in serious bodily harm and substantial property damage. Your Committee also finds that oftentimes persons disregarding the officer's signal to stop are felons fleeing from the scene of a crime. When these individuals are brought to trial, since most misdemeanor acts are lesser included crimes of a felony, they are only charged with the felony offense.

The bill will permit the prosecution of a separate felony count in the above type of situation. The bill will also serve as a deterrent to misdemeanants and traffic violators who otherwise have little to lose in trying to elude the police.

Your Committee has amended the bill to delete the words "wanton and wilful" in subsection (b) and added more appropriate language in their place. In addition, technical, nonsubstantive amendments have been made.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 1745, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1745, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 616 Judiciary on H.B. No. 739

The purpose of this bill is to amend the appropriate sections of Chapter 338, Hawaii Revised Statutes, to: (1) extend the time within which the Department of Health must furnish the names of deceased persons to county clerks; (2) permit the transportation of a dead body from a registration district to Honolulu with the verbal authorization of the local agent of the Department of Health for the filing of a death certificate and the issuance of a permit for further disposition, provided that the death occurred as a result of an aircraft accident or other mass casualty occurrence; and (3) extend the gestational age for which no burial permit is required for a dead fetus.

Your Committee finds that the time limit within which the Department of Health must furnish the names of deceased persons to county clerks should be appropriately extended to accommodate the growing volume of work.

Under current law, the burial transit permit and death certificate must be prepared, signed, and filed in the registration district (county) in which the death occurred. Your Committee finds that under certain circumstances (e.g., if the accident occurs in an area that is difficult to reach), it would be more efficient to allow the local agent of the Department of Health to verbally authorize the transportation of the dead to Honolulu for the filing of death certificates and further disposition. The proposed bill provides the legal basis for the handling an emergency in such a manner.

Testimony presented by the Department of Health indicates that the present law relating to the required filing of a burial permit for the disposition of a dead fetus discourages the reporting of intentional terminations of pregnancies by requiring the disclosure of the identity of the patient. Your Committee finds that extending the gestational age of a dead fetus for which a burial permit is required from 16 weeks (the current requirement) to 24 weeks is consistent with the standard for fetal viability as set forth in Roe v. Wade, 410 U.S. 113 (1973), and will better protect the anonymity of the patient and encourage the more complete reporting of intentional terminations of pregnancies performed in doctors' offices.

Your Committee has amended this bill by making technical, nonsubstantive corrections.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 739, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 739, H.D. 2.

Signed by all members of the Committee except Representative Kawakami.

SCRep. 617 Consumer Protection and Commerce on H.B. No. 773

The purpose of this bill is to clarify present statutory provisions relating to unfair claim settlement practices by insurers.

Present law simply states that it is an unfair claim settlement practice if an insurer fails to acknowledge pertinent communications relating to claims arising under its policies. Insurers have interpreted this section to mean communications from their own policyholders only.

Your Committee has heard testimony from the Department of Regulatory Agencies that numerous complaints have been received from the general public indicating that insurers have not been responding to communications unless such communication is received from a policyholder. This bill would clarify the present law to require insurers to respond to all communications, whether or not from a policyholder, where one of its policyholders is involved in the accident or claim. Your Committee feels that this bill will provide for better claim adjustment and settlement service to the public.

Your Committee has amended the bill for purposes of clarity.

Your Committee on Consumer Protection and Commerce are in accord with the intent and purpose of H.B. No. 773, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 773, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Ikeda.

SCRep. 618 Consumer Protection and Commerce on H.B. No. 774

The purpose of this bill is to authorize the Board of Medical Examiners to acknowledge upon written request from a hospital or health care facility, whether or not an adverse decision of a peer review committee regarding a particular physician is on file.

Your Committee received testimony indicating that a problem may arise when an adverse report from a peer review committee is received by the Board restricting or revoking privileges of a physician at a hospital. The Board cannot acknowledge receipt of the report to another facility evaluating the physician for privileges. Your Committee feels that this bill will allow health care institutions to more effectively evaluate the credentials of physicians prior to a grant of the privileges of a practicing physician.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 774, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 619 Health on H.B. No. 506

The purpose of this bill is to amend Chapter 326 of the Hawaii Revised Statutes to change the term "leprosy" to "Hansen's disease", and the term "leper" to "Hansen's disease sufferer" whenever they appear.

Your Committee finds that continued use of the terms "leprosy" and "leper" create undeserved and unnecessary negative connotations to those afflicted with Hansen's disease. Statutory changes for those terms are therefore appropriate and long overdue.

For centuries, sufferers of Hansen's disease have been identified through the common term "lepers", whose condition was also commonly referred to as "leprosy". While such terminology was acceptable in the past, testimony from the Department of Health and patients of Hansen's disease indicate that such usage today tends to ostracize those patients and their families. Furthermore, according to medical usage, the preferred terms for this particular disease and for those individuals who are afflicted with it are, respectively "Hansen's disease" and "Hansen's disease sufferers".

Your Committee on Health is in accord with the intent and purpose of H.B. No. 506, H.D. 1 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 620 Public Employment and Government Operations on H.B. No. 357
(Majority)

The purpose of this bill is to increase the opportunities for regular employees to be non-competitively promoted to a vacant position in a related class even though the series may be unrelated.

Current law permits non-competitive movements from a position in a class to a position in another class provided the movement is only in the same or related series. The definition of a "related series" is, "a series of classes which requires substantially similar knowledge, skills, and abilities as another series." A "related class" is, "a class which requires substantially similar knowledge, skills, and abilities as another class." In other words, a series is a group of classes such as Clerk I, II, and III, where Clerk I is a class.

For example, the Clerk series, and the Clerk-Typist series are related. Thus a person may be non-competitively promoted from a Clerk III class, SR-8 to a Clerk-Typist III class, SR-10. However, the same person (Clerk III class, SR-8) may not be non-competitively promoted to an Unemployment Insurance Assistant III class, SR-9 because the two series are not related, even though the classes are related.

Your Committee is in agreement that the current law is too restrictive. The proposed change would increase the opportunities for regular employees to be non-competitively promoted thus assuring them greater career development opportunities. Such an incentive helps create a job environment to attract, develop and retain a capable and competent workforce.

Your Committee on Public Employment and Government Operations is in accord with the intent and purpose of H.B. No. 357 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.
(Representatives D. Hagino and Tungpalan did not concur.)

SCRep. 621 Water, Land Use, Development and Hawaiian Affairs on H.B. No. 467

The purpose of this bill is to permit the appointment of voting members of the Fish and Wildlife Advisory Committees in each county to four year instead of two year terms.

Your Committee finds that the present two year term restriction does not provide the necessary tenure to enable the members to acquire sufficient knowledge and experience for truly effective service.

Your Committee on Water, Land Use, Development and Hawaiian Affairs concurs with the intent and purpose of H.B. No. 467, and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 622 Employment Opportunities and Labor Relations on H.B. No. 852

This measure proposes to require the director of the Department of Labor & Industrial Relations to issue a decision in workers' compensation cases within sixty days of the hearing. Section 386-86 of the Hawaii Revised Statutes is to be amended.

Benefits afforded under workers' compensation are often essential to the disabled worker. Any delay in rendering the decision means a delay in the payment of benefits occasioning economic distress.

Your Committee on Employment Opportunities and Labor Relations is in accord with the intent and purpose of H.B. No. 852 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 Anderson.

SCRep. 623 Health on H.B. No. 736

The purpose of this bill is to amend Section 321-201, Hawaii Revised Statutes, regarding prohibition of smoking in places owned or operated by the State.

Your Committee has amended the bill to extend the prohibition against smoking, carrying a lighted cigar, cigarette, or pipe to the following places owned or operated by the state: state and school libraries, auditoriums and classrooms of school buildings and, any government operated bus used by the public, and public areas of government operated health care facilities including waiting rooms, reception areas, dining facilities and auditoriums of hospitals, nursing homes, care homes and clinics, except any designated smoking area within the aforesaid facilities.

Your Committee has also amended the bill to specifically prohibit state employees from smoking in those areas designated in Section 321-201, Hawaii Revised Statutes.

Your Committee on Health is in accord with the intent and purpose of H.B. No. 736 as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 736, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 624 Consumer Protection and Commerce on H.B. No. 1292

The purpose of this bill is to generally amend the Landlord-Tenant Code.

This bill would make numerous amendments to Chapter 521, Hawaii Revised Statutes, relating to the Landlord-Tenant Code. Your Committee, however, has made several amendments to the bill and will retain the following changes to the chapter:

(1) Amend Section 521-42 to provide that in the event a landlord fails to inventory the premises upon initial occupancy, the condition of the premises shall be rebuttably presumed to be in the same condition as at initial occupancy.

(2) Amend Section 521-63(c) to authorize recovery in the amount of three months rent or three times the actual damages, whichever is greater, by a tenant wrongfully removed by a landlord from the rented premises.

(3) Raise the amount from \$200 to \$400 allowed by Section 521-64(b) to be deducted from a tenant's rent for repairs made to the rented premises after due notice to the landlord.

(4) Amend Section 521-64(c) to require that repairs to major appliances or necessary facilities be commenced by the landlord within three days of notification.

(5) Delete Section 521-74(6)(4) which allows a landlord to recover possession of the rented premises without timely notice when the reason is to discontinue the use of the rental unit for at least six months.

(6) Provide in Section 521-78(a) that only the amount of rent prior to a disputed rent increase need be deposited into a court escrow.

Your Committee has also made changes in form and for technical reasons.

Deleted from the bill are the following:

(1) A provision for court appointed counsel for indigent tenants in legal actions, and an appropriation therefor.

(2) A requirement that interest on security deposits be paid to tenants.

(3) An amendment to Section 521-71(a) relating to notice of termination of tenancy on premises not leased.

(4) Amendments to Sections 521-74(a) and (c) relating to retaliatory evictions or rent increases.

Your Committee feels that these amendments to the Landlord-Tenant Code are in accord with the original intent of the Code to provide an equitable procedural framework for both landlords and tenants.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 1292, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1292, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 625 Consumer Protection and Commerce on H.B. No. 1469

The purpose of this bill is to authorize the Department of Land and Natural Resources to establish rules relating to the continued development and use, and enforcement thereof, of fish aggregating devices.

Your Committee heard testimony from the Department of Land and Natural Resources that several concerns have arisen including vandalism of the devices and fishing boats tying up to the devices, thus straining the anchoring system and obstructing access to the area, all of which tend to defeat the utility of the program. Your Committee is therefore in agreement with the bill to establish rules and regulations to monitor and enforce the use of the devices.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 1469 and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 626 Judiciary on H.B. No. 266

The purpose of this bill is to clarify State ownership of geothermal resources within

the State.

Your Committee finds that the importance of geothermal resources to the State's economy makes it crucial that the question of ownership be resolved.

Your Committee also finds that the State has ownership rights under mineral reservations provided in Chapter 182, Hawaii Revised Statutes, but that some lands have been conveyed without mineral rights reserved to the State. This makes the question of ownership of geothermal resources under these lands unclear.

In addition, your Committee finds that the amendment of the definition of "minerals", by Act 241, Session Laws of Hawaii 1974, to include all geothermal resources was intended to apply retroactively to the 1800's whenever and wherever there was a statutory requirement for a mineral reservation in favor of the State or its predecessor for the reason that such resources were never necessary nor intended to be conveyed to the original grantees of the lands.

Due to the current energy problems and the resulting need to develop additional sources of energy it is in the public interest to claim State ownership of geothermal resources wherever located in the State.

Therefore, your Committee finds that the State, as the sovereign, does in fact own all geothermal resources in the State, and that this bill, if enacted into law, does not constitute the taking of private property rights by the State.

The office of the Attorney General has no objection to this bill.

The bill has been amended to include the civil fine of not more than \$1,000, for violations of this section.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 266, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 266, H.D. 1.

Signed by all members of the Committee.

SCRep. 627 Judiciary on H.B. No. 1523

The purpose of this bill is to make it an offense of burglary if a person intentionally enters or remains unlawfully upon the premises of any school with the intent to commit a crime. The bill further provides that a person who enters and remains on the premises of any school after a warning to leave shall be guilty of criminal trespass in the first degree.

The present burglary section of the Penal Code adequately covers the crime of breaking into a building of any school premises. Your Committee feels that it is not necessary to enact a class of burglary to cover school premises. The language of the proposed change is also vague and could lead to a person being charged for burglary just for entering or loitering or any part of the school.

Your Committee finds that much of the vandalism and violence caused in our schools today is committed by individuals who are not students of the school but outsiders. Thus, the inclusion of the school premises within the scope of our criminal trespass statute should help to alleviate the problem of vandalism and violence in our schools.

The bill has, therefore, been amended to delete the provision that makes it a separate crime of burglary for any person intentionally entering or remaining unlawfully upon a school premises with the intent to commit a crime and retained the section that makes it a criminal trespass in the first degree to enter and remain illegally on any school premises after warning or request to leave.

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

Signed by all members of the Committee.

SCRep. 628 Judiciary on H.B. No. 1924

The purpose of the bill is to authorize the microfilming or other type of photographic

copying of all medical records, by health care providers for a minimum of ten years.

The Committee received testimony strongly supporting the bill. It was pointed out that information contained in the medical records provide vital information necessary to carry out medical research. The past records are also important in making decisions about current medical care practices. Your Committee believes that the retention of medical records indefinitely is vital to the continued high quality of medical care in the state. Therefore, the bill has been amended to provide that health care providers must retain medical records indefinitely.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 1924, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1924, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Kawakami.

SCRep. 629 Judiciary on H.B. No. 207

The purpose of this bill is to delete the lesser prison sentence of "twenty years" from subsection (b) of section 706-606 of the Hawaii Revised Statutes and, thus, make the sentence for the conviction of murder an indeterminate sentence of life imprisonment with possibility of parole.

Your Committee finds that under the present law it is incongruous for some murderers to receive a sentence of life imprisonment with possibility of parole while others receive only twenty years. Your Committee recognizes that the crime of murder is the most serious offense in the penal code which warrants a sentence greater than twenty years' imprisonment.

Your Committee recognizes further that the elimination of the lesser sentence of "twenty years" will provide uniformity in sentencing. This will insure that judges impose the same indeterminate sentence in murder cases covered by subsection (b).

Your Committee has amended this bill by deleting the phrase "as the court determines" in section 706-606(b), to clarify that in cases of murder other than those set forth in subsection (a), the court no longer has the discretion of choosing between a term of life imprisonment with possibility of parole or twenty years' imprisonment.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 207, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 207, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 630 Judiciary on H.B. No. 1550

The purpose of this bill is to clarify Section 702-205, Hawaii Revised Statutes, (Elements of an Offense) to provide that an affirmative defense is not an element of an offense.

The proposed bill will conform the Hawaii Revised Statutes to the holding of the Hawaii Supreme Court in State v. Anderson, 58 Hawaii 479 (1977).

In Anderson, the court held that requiring the accused to prove an affirmative defense pleaded by him by a preponderance of the evidence does not shift the burden of proof as to any element of the offense charged. In effect, the court said that the shifting of burden of proof under an affirmative defense does not reduce the prosecution's burden to prove beyond a reasonable doubt each element of an offense.

Your Committee has made some minor technical changes to the bill.

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

Signed by all members of the Committee.

SCRep. 631 Judiciary on H.B. No. 567

The purpose of this bill is to establish mandatory fines and imprisonment for persons

convicted of the offense of prostitution.

At present, courts have full discretion in sentencing, and your Committee finds that fines imposed on persons convicted of prostitution average \$100. In less than six percent of the cases, imprisonment is imposed.

Your Committee believes that some form of mandatory imprisonment has been necessitated by the onslaught of crimes of violence and against property, many of which occur in tandem with the offense of prostitution.

Your Committee, however, concludes that persons convicted of prostitution for the first time should not be subjected to a mandatory term of imprisonment. The focus should be on subsequent offenses, for the nexus between repeat offenders and related crimes of violence or against property is more clearly delineated then. Accordingly, your Committee has amended this bill to allow the sentencing court discretion as regards imposing imprisonment on the first conviction of prostitution. In subsequent offenses, the court is mandated to impose the sentence of imprisonment.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 567, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 567, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 632 Judiciary on H.B. No. 817

The purpose of this bill is to clarify the present law on implied consent as it relates to blood or breath tests to determine alcoholic content of an operator of a motor vehicle. The bill provides that only those arrested for driving under the influence of intoxicating liquor may be requested to take a blood or breath test.

The present law has been interpreted to apply to all types of arrests involving motor vehicles since there is no specific provision in the implied consent statute which specifically states that the provision of implied consent applies only to motorists arrested for driving under the influence of alcohol. Consequently, all persons, regardless of the nature of the offense, can be requested to take a blood or breath test. Oftentimes, this encourages an arrestee to refuse to submit to a blood or breath test to deliberately withhold evidence of drunkenness which may be essential to conviction of a more serious offense such as negligent homicide. In such circumstances, the motorist is prepared to take the risk of receiving a penalty of only a six month's license suspension by refusing to submit to a blood or breath test (under the implied consent provision) and hope to escape a charge of a more serious crime.

Your Committee finds that the bill makes the law more specific and eliminates the above mentioned situation.

In Schemerber v. California, 38 U.S. 757 (1966), the Supreme Court held that the state may take a blood sample despite the refusal of the defendant to consent to the taking a blood sample. The court said that the privilege protects the accused only from being compelled to testify against himself, or to otherwise provide the state with evidence of a testimonial or communicative nature, and that the withdrawal of blood and use of the analysis did not involve compulsion.

Thus, under this holding, the state may compel a person arrested for violations other than driving under the influence of intoxicating liquor to submit to a breath or blood test.

Accordingly, your Committee has amended this bill so that the language in §286-151 relating to implied consent states with particularity that the implied consent law shall apply only to the offense of driving while under the influence of intoxicating liquor.

The bill also makes various housekeeping changes for the sake of clarity.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 817, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 817, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Kawakami.

SCRep. 633 Finance on H.B. No. 1124

The purpose of this bill is to provide for the orderly transfer of personnel, equipment, obligations, and other property of the Hawaii Criminal Justice Data Center from the Judiciary to the Department of the Attorney General.

Act 269, Session Laws of Hawaii, 1980, provided that the data center be attached to the Department of the Attorney General for administrative purposes after July 1, 1981. However, Act 269 failed to provide for the transfer of personnel, equipment, appropriations, authorization or other property. This bill would remedy the oversight and insure an orderly transfer between the Judiciary and the Department of the Attorney General.

Your Committee has amended this bill to conform to general statutory drafting style and to change the effective date.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 1124, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1124, H.D. 1.

Signed by all members of the Committee except Representative Andrews.

SCRep. 634 Finance on H.B. No. 709

The purpose of this bill is to make appropriations for the fiscal biennium 1981-1983 to fund the cost items included in the collective bargaining agreement with collective bargaining unit 1.

Your Committee has made nonsubstantive amendments to the bill and conformed the bill's effective date with its substance.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 709, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 709, H.D. 1.

Signed by all members of the Committee except Representative Andrews.

SCRep. 635 Finance on H.B. No. 710

The purpose of this bill is to make appropriations for the fiscal biennium 1981-1983 to fund the cost items included in the collective bargaining agreement with collective bargaining unit 2.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 710 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representative Andrews.

SCRep. 636 Finance on H.B. No. 711

The purpose of this bill is to make appropriations for the fiscal biennium 1981-1983 to fund the cost items included in the collective bargaining agreement with collective bargaining unit 3.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 711 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representative Andrews.

SCRep. 637 Finance on H.B. No. 712

The purpose of this bill is to make appropriations for the fiscal biennium 1981-1983 to fund the cost items included in the collective bargaining agreement with collective bargaining unit 4.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 712 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representative Andrews.

SCRep. 638 Finance on H.B. No. 713

The purpose of this bill is to make appropriations for the fiscal biennium 1981-1983 to fund the cost items included in the collective bargaining agreement with collective bargaining unit 5.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 713 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representative Andrews.

SCRep. 639 Finance on H.B. No. 714

The purpose of this bill is to make appropriations for the fiscal biennium 1981-1983 to fund the cost items included in the collective bargaining agreement with collective bargaining unit 6.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 714 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representative Andrews.

SCRep. 640 Finance on H.B. No. 715

The purpose of this bill is to make appropriations for the fiscal biennium 1981-1983 to fund the cost items included in the collective bargaining agreement with collective bargaining unit 7.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 715 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representative Andrews.

SCRep. 641 Finance on H.B. No. 716

The purpose of this bill is to make appropriations for the fiscal biennium 1981-1983 to fund the cost items included in the collective bargaining agreement with collective bargaining unit 8.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 716 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representative Andrews.

SCRep. 642 Finance on H.B. No. 717

The purpose of this bill is to make appropriations for the fiscal biennium 1981-1983 to fund the cost items included in the collective bargaining agreement with collective bargaining unit 9.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 717 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representative Andrews.

SCRep. 643 Finance on H.B. No. 718

The purpose of this bill is to make appropriations for the fiscal biennium 1981-1983 to fund the cost items included in the collective bargaining agreement with collective bargaining unit 10.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 718 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representative Andrews.

SCRep. 644 Finance on H.B. No. 719

The purpose of this bill is to make appropriations for the fiscal biennium 1981-1983 to fund the cost items included in the collective bargaining agreement with collective bargaining unit 11.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 719 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representative Andrews.

SCRep. 645 Finance on H.B. No. 720

The purpose of this bill is to make appropriations for the fiscal biennium 1981-1983 to fund the cost items included in the collective bargaining agreement with collective bargaining unit 13.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 720 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representative Andrews.

SCRep. 646 Finance on H.B. No. 1879

The purpose of this bill is to make appropriations for the fiscal biennium 1981-1983 to fund the salary increases and other cost adjustments for state officers and employees excluded from collective bargaining.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 1879 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representative Andrews.

SCRep. 647 Judiciary on H.B. No. 169 (Majority)

The purpose of this bill is to repeal the existing statute relating to cattle or other dangerous animals roaming or being driven through the streets.

Your Committee finds that the statute, although enacted in 1869, is still useful to protect persons and properties from the danger of roaming cattle or wild animals.

However, your Committee believes that the fines should be increased, and has amended the bill accordingly.

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

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

SCRep. 648 Judiciary on H.B. No. 907 (Majority)

The purpose of this bill is to amend Section 386-86 Hawaii Revised Statutes (Workmen's Compensation) to permit in addition to medical costs, reasonable attorney's fees in cases where the Disability Compensation Division of the Department of Labor and Industrial Relations decides in favor of the injured party. The party liable for the payment of medical costs shall also be assessed reasonable attorney's fees.

Under current law, in a dispute before the Disability Compensation Division involving costs incurred by an injured party for medical care, services, or supplies, in the event of a decision for the injured party, the award can only include the costs of medical care, services or supplies. The cost of the claimant's counsel must be borne by the claimant.

Your Committee recognizes that the imposition of paying attorney's fees creates an undue hardship on the claimant. Your Committee feels that in instances of disputed medical costs the payment of attorney's fees by the claimant is contrary to the intent of compensating the injured party full medical and rehabilitation benefits.

Your Committee feels that this bill will remedy the above situation.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 907, and recommends that it pass Third Reading.

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

SCRep. 649 Finance on H.B. No. 1636 (Majority)

The purpose of this bill is to amend Hawaii Revised Statutes section 296-46.1 to clarify provisions governing negotiations of school bus contracts.

This bill seeks to control the inflationary effects of the present school bus contract system by adding measures to improve the contracting procedure. Your Committee finds that the bidding procedure presently employed for awarding school bus contracts is inflexible and prohibitive.

Your Committee supports the intent of this bill as a prudent measure for the economic interest of the State.

Your Committee has revised this bill to delete inconsistent language and to make other technical non-substantive amendments.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 1636, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1636, H.D. 2.

Signed by all members of the Committee except Representative Andrews.
(Representative Levin did not concur.)

SCRep. 650 Finance on H.B. No. 726

The purpose of this bill is to amend sections 213, 214, and 215 of the Hawaiian Homes Commission Act, 1920, as amended, by increasing the ceiling on loans to Hawaiian homestead lessees for the construction of new homes from \$35,000 to \$50,000 and for the repair of existing homes from \$10,000 to \$15,000.

Your Committee is in agreement that the existing ceilings on loans to Hawaiian homestead lessees for the construction and repair of homes should be increased to meet increasing building costs and to reduce the constraints on the scope of repairs that can be accommodated under the existing ceiling.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 726, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 726, H.D. 1.

Signed by all members of the Committee except Representative Andrews.

SCRep. 651 Finance on H.B. No. 1724

The purpose of this bill is to 1) increase the regular interest rate credited to employees from 4-1/2% to 5-1/4%, and 2) set the investment yield rate at 7%.

The increase from 4-1/2% to 5-1/4% is reasonable in light of interest rates presently being offered by financial institutions. Your Committee is in agreement with this amendment.

In section 2 your Committee approves the proposed phrase, "the investment yield rate of 7% and such tables and factors." By adding a specific investment yield of 7%, the Board cannot adopt its own assumptions.

Your Committee has amended this bill to make technical, non-substantive amendments.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 1724, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1724, H.D. 2.

Signed by all members of the Committee except Representative Andrews.

SCRep. 652 Finance on H.B. No. 1357

The purpose of this administration bill is to permit the department of labor and industrial relations to apply Hawaii's pension offset in Section 383-23.5, Hawaii Revised Statutes, in a more equitable manner and to conform more precisely the language of Hawaii's law to the federal law.

Effective September 26, 1980, Public Law 96-364 amended Section 3304(a)(15), the Federal Unemployment Tax Act, to allow states to apply a less stringent standard than originally enacted in 1976. Under the less stringent standard, a state may limit pension offset to only pensions received from a base period or chargeable employer and to take into account contributions made by a worker to the pension plan. In addition, with the exception of social security pension and railroad retirement payments, no offset is applicable unless the worker's base period services or remunerations affected entitlement to the pension or increased the pension.

Your committee recommends passage of this bill so that Hawaii's law will be in full compliance with the federal law.

Your committee has revised this bill to make technical, nonsubstantive amendments.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 1357, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1357, H.D. 1.

Signed by all members of the Committee except Representative Andrews.

SCRep. 653 Finance on H.B. No. 1108

The purpose of this bill is to amend section 323-6, Hawaii Revised Statutes, to clarify and update the primary responsibilities of the University of Hawaii and the Department of Health at Leahi Hospital, including those responsibilities related to child psychiatric services.

Your Committee finds that this bill is in order since the University of Hawaii and the Department of Health have mutually agreed that the University has the primary responsibility for training child psychiatrists while the Department has the primary responsibility for providing child psychiatric services at Leahi Hospital.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 1108 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representative Andrews.

SCRep. 654 Finance on H.B. No. 356

The purpose of this bill is to facilitate public personnel transactions with respect to suspensions, demotions and dismissals. This bill clarifies the pay and benefit status of an employee who is removed from active duty while an investigation is conducted of certain charges brought against him; provides time limits for giving an employee a written statement of the reasons upon which a suspension, dismissal or demotion is based; and clarifies the reasons for filing a copy of the written statement with the Director of Personnel Services, which is for record keeping only.

This bill allows an appointing authority to place the employee on leave-without-pay pending the investigation of charges. This bill also delineates what actions, with respect to the employee's pay and benefit status, are necessary in the event the employee is cleared of all charges, some of the charges or if all of the charges are substantiated.

This bill further provides for a uniform time limit for giving an employee a written

statement whether the action is a suspension, dismissal or demotion. Exceptions are provided for if the need for a particular action is immediate or if a leave-without-pay is being converted to a suspension.

Finally, the bill clarifies the intent of the provision which requires that a copy of the written statement given to an employee be filed with the Director of Personnel Services, which is for record keeping purposes only.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 356 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representative Andrews.

SCRep. 655 Finance on H.B. No. 345

The purpose of this bill is to provide flexibility in the recruitment of certain essential personnel by the State. The flexibility is provided by: permitting the contracting of persons to perform services certified by the Director of Personnel Services as essential to the public interest; permitting appointing authorities to pay travel and transportation expenses for the recruitment of such personnel; allowing requisites for such personnel and providing monetary incentives for recruitment of such personnel.

The State encounters recruitment difficulties for certain positions, particularly in the area of medical services. The civil service law does not provide adequate recruitment flexibility and restricts the State's ability to compete and recruit persons with the requisite skills and qualifications. This bill is intended to alleviate these recruitment difficulties.

Your Committee directs the revisor of Statutes to correct a spelling error on page 8, line 12 of this bill.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 345, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Representative Andrews.

SCRep. 656 Finance on H.B. No. 738

The primary purpose of this bill is to amend section 321-52, Hawaii Revised Statutes, by designating the United States Secretary of Health and Human Services as the appropriate, responsible administrator for the Crippled Children's Program under Title V of the Social Security Act.

Your Committee agrees that the amendment is necessary due to the transfer of administrative responsibility for the Crippled Children's Program at the federal level from the Secretary of Labor to the Secretary of Health and Human Services.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 738 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representative Andrews.

SCRep. 657 Finance on H.B. No. 1885

The purpose of this bill is to amend chapter 261 of the Hawaii Revised Statutes by adding seven new sections which grant the Director of Transportation authority to remove abandoned aircraft on state airports, and to control and prevent instances of trespass to aircraft.

Your Committee agrees that abandoned and derelict aircraft can pose serious problems and hazards detrimentally affecting the safety and efficiency of airport operations. Your Committee believes that this bill will provide the authority to promptly attend to abandoned aircraft in a manner similar to that granted by chapters 267A and 267B, relating to abandoned vessels.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 1885 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representative Andrews.

SCRep. 658 Finance on H.B. No. 1866

The purpose of this bill is to increase the fee which a court reporter may charge for services rendered in making copies of transcripts and proceedings from \$1.25 to \$1.50 per twenty-five line page and from \$.50 to \$.60 per carbon copy thereof.

Your Committee finds that the changes in fees proposed by this bill are justified to meet increases in costs.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 1866 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representative Andrews.

SCRep. 659 Finance on H.B. No. 1873

The purpose of this bill is to amend the existing statutes relating to shortage categories in public employment as follows: (1) allows the entry salary for a shortage category to be adjusted by adding to the first step of an appropriate salary range a temporary shortage differential; (2) allows for similar adjustments in the entry salaries of other classes or groups of positions in classes if warranted to preserve internal relationships within the same series as the shortage category; (3) allows for adjustments in the pay of incumbents who are in a class or group of positions in a class where the entry salary has been adjusted so that no incumbent is paid below the adjusted entry salary; and (4) establishes procedures for phasing out shortage differentials whenever there are changes in the pay schedules or the entry salaries are lowered following a review of shortage category determinations.

Your Committee is in agreement that under the authority of Act 253, Session Laws of Hawaii 1980, model conversion plans regarding a reduction in the number of steps were negotiated for three bargaining units. Changes in the pay structures under these model conversion plans (i.e., fewer steps, larger percentage differences between steps, and a requirement that all employees be paid on step) prompted a review of the existing statutes on shortage categories. The review showed that amendments are necessary to: (1) restore flexibility in setting an appropriate entry salary for a shortage category; (2) preserve internal relationships within the series in which a shortage occurs; (3) assure that no incumbents are paid less than the adjusted entry salaries for their respective class or group of positions in a class; and (4) phase out shortage differentials which are provided as a temporary measure to alleviate recruitment problems.

These changes should provide more timely and appropriate adjustments in pay because of current labor shortages.

Your Committee has amended this bill to preserve the requirement for prior approval in declaring a shortage category. Other minor technical revisions have also been made by your Committee.

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

Signed by all members of the Committee except Representative Andrews.

SCRep. 660 Finance on H.B. No. 1876

The purpose of this bill is to provide incentives to encourage the production and purchase of gasohol by extending the tax exemption for gasohol from its present termination date of July 1, 1985, to June 30, 1992. This bill also removes the termination provisions empowering the Director of Taxation to terminate this tax exemption upon determination that the exemption is no longer needed as an incentive to market gasohol.

Your Committee is in agreement that extending the tax exemption termination date gives further assurance to the private sector of the State's firm commitment to encourage the development of alternate energy sources.

Your Committee has amended H.B. No. 1876, H.D. 1, limiting the extension starting June 1, 1985 to June 30, 1992 exclusively for gasohol which is derived from alcohol produced within the State from biomass.

Your Committee has also deleted the requirement that rules shall include provisions for ensuring that the exemption is passed on to the consumer as reflected in the price of gasohol sold.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 1876, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1876, H.D. 2.

Signed by all members of the Committee except Representative Andrews.

SCRep. 661 Finance on H.B. No. 41

The purpose of this bill is to establish the Hawaii State Occupational Information Coordinating Committee (HSOICC) and its components the Hawaii State Occupational Information System (HOIS) and the Hawaii Career Information Delivery System (HCIDS) in a new chapter in the Hawaii Revised Statutes. Additionally, the Department of Labor and Industrial Relations is authorized to establish new positions for the purposes of HCIDS.

HSOICC and its national counterpart the National Occupational Information Coordinating Committee (NOICC) have been established by federal legislation to facilitate the standardized development and delivery of career and occupational information to those making personal career decisions and those planning educational and training programs; to call for a uniform and standardized occupational information system to implement this purpose; and to establish a career information delivery system to provide the information in the schools, training sites, and job service offices.

HOIS functions to implement the standardized development and delivery of career and occupational information to those planning educational and training programs.

HCIDS, colloquially known as Career Kokua, establishes a career information delivery system. It is basically a computerized library of occupational and educational information that functions to aid people to choose jobs and careers by providing them with current, accurate, and locally relevant occupational, educational, training, and job information. The availability of such information will help individuals make a smoother transition from school to work or return to the labor force. Career Kokua is administratively part of the Research and Statistics Office of the Department of Labor and Industrial Relations.

A revolving fund is established which will capture user fees charged for the use of HCIDS computer terminals and card sort delivery systems rather than have them revert to the General Fund. The user fees will be charged primarily to private sector users.

Your Committee has amended this bill to make technical drafting corrections.

Your Committee has further amended this bill by deleting the appropriation provisions.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 41, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 41, H.D. 2.

Signed by all members of the Committee except Representatives Andrews and Kobayashi.

SCRep. 662 Finance on H.B. No. 793

The purpose of this bill is to recognize and differentiate the role of Intake Service Center "Administrator" from that of the State Intake Service Center "Executive Director".

The change proposed by this bill is intended to clarify a general confusion in roles between the Executive Director and the subordinate "director" positions, and to clarify their appointment process as well as the administrative line of responsibility and an accountability in service delivery. Your Committee has made amendments on Page 2, lines 6, 8, and 23 to correct drafting errors.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 793, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 793, H.D. 1.

Signed by all members of the Committee except Representative Andrews.

SCRep. 663 Finance on H.B. No. 792

The purpose of this bill is to expand the applicability of exemptions from statutes, ordinances, and charter provisions to include certain projects developed under government-assistance programs.

Current statutes give the Hawaii Housing Authority the power to override certain state and county requirements in projects developed by the Authority or developed in partnership with the Authority. Many projects developed by the private sector with only financial assistance of the Authority, such as interim construction loans, are consistent with the intent and purpose of Chapter 359G. This bill will allow certain government-assisted projects qualified by the Authority to utilize these provisions in an effort to produce housing at the lowest possible price while insuring that the public health and safety is protected.

Your Committee approves of this bill with minor technical corrections.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 792, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 792, H.D. 1.

Signed by all members of the Committee except Representative Andrews.

SCRep. 664 Finance on H.B. No. 695

The purpose of this bill is to provide express statutory authorization to pay on account of sickness. This bill would be of aid in obtaining the approval of the Social Security Administration in excluding sick pay from wages subject to FICA tax.

Under Section 209(b) of the U.S. Social Security Act, wage payments made on account of sickness or accident disability, if made under a plan or system established by the employer, can be excluded from wages subject to social security contributions (FICA tax). Rulings and interpretations of the Social Security Administration have been so restrictive, however, that few state or local government units could exclude such payments.

In 1979, the Social Security Administration's Informational Release No. 17 appeared to make the exclusion of sick pay more feasible for government units by stating simply that payments made by state and local governments could be excluded if:

- (1) the government unit has legal authority to pay "on account of sickness", and
- (2) the government unit provides evidence that shows the payments were made under that authority.

While Chapter 79 of the Hawaii Revised Statutes does make provision for the accumulation of sick leave credits by officers and employees of the state and county governments in Hawaii, there is no express statutory authorization to pay on account of sickness, nor is there an express statutory prohibition against making payments from sick leave credits for purposes other than sickness. These elements are considered essential in obtaining ultimate approval of the Social Security Administration to exclude sick pay from wages subject to FICA tax. Therefore, the bill proposes these major changes to comply with the Social Security Administration's requirements.

Your Committee has amended this bill to make technical style changes.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 695, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 695, H.D. 1.

Signed by all members of the Committee except Representative Andrews.

SCRep. 665 Judiciary on H.B. No. 989

The purpose of this bill is to correct technical errors appearing in various portions of the Hawaii Revised Statutes (hereinafter "H.R.S.") which have resulted in inconsistencies, redundancies, unnecessary repetition and lack of clarity.

This bill, as received by your Committee, proposes amendment or repeal of forty-seven

separate and unrelated sections of the H.R.S. The proposals originate from the legislative directive contained in section 23G-20, H.R.S., which mandates the Revisor of Statutes to conduct a continual review of the laws of the State for the purpose of removing inconsistencies, redundancies, unnecessary repetition and to improve their clarity.

However, your Committee received testimony from the Office of the Attorney General which indicates that ten of the proposed amendments, in effect, would constitute substantive rather than technical amendments to sections 11-191, 46-15.1, 76-47, 76-77, 80-4, 92-98, 237-13.5, 329-2, 353-68 and 706-606.5, H.R.S. Therefore, your Committee has amended this bill by deleting sections 3, 9, 11, 12, 14, 21, 23 (which amends section 237-13.5, H.R.S.), 29, 31 and 45.

Your Committee has further amended this bill by correcting the numbering of the sections contained therein, as the bill as received contained two duplicating sections numbered 23; one amending section 171-19, H.R.S., and one amending section 237-13.5, H.R.S.

This bill, as amended, does the following:

Section 1 amends section 6-26, H.R.S., which pertains to the Pacific War Memorial Commission of Hawaii, to bring it into conformity with section 26-21. Section 26-21, H.R.S., was amended by L 1969, c 122, and placed the Pacific War Memorial Commission of Hawaii within the Department of Defense for administrative purposes; in addition, section 26-21 provide that the Governor appoint only six of the Commission's members with the Adjutant General serving as an ex officio member. The amendment to section 6-26, H.R.S., will conform the appointment procedure with the intent of section 26-21 and present practice.

Section 2 amends section 26-21, H.R.S., pertaining to the Department of Defense by deleting the provision for appointment to the Pacific War Memorial Commission of Hawaii. For purposes of clarity, the provision for appointment of the commissioners war placed in section 6-26, H.R.S.

Section 3 amends section 13-2, H.R.S., to clarify the effective date of 1980 amendments to the section, which was not consistent with the effective date of 1979 amendments.

Sections 3 and 4 amend sections 13-2 and 13D2, H.R.S., respectively, by deleting brackets placed about the references to Article II, section 7, of the State Constitution by the Revisor of Statutes. When sections 13-2 and 13D-2, H.R.S., were amended in 1980, the references were to Article II, section 6, of the Constitution, which refers to campaign contribution limits. Article II, section 7, refers to resignations from public office. The Revisor, using statutory authority, corrected the reference and indicated such correction by the use of brackets.

Section 5 amends section 26-1, H.R.S., by replacing references to Article IV, section 4, of the State Constitution with references to Article V. In 1978, when the Constitution was amended by the electorate, Article IV was renumbered Article V.

Section 6 amends section 26-6, H.R.S., by conforming it to L 1974, Act 57, which changed the name of the Kamehameha Day Celebration Commission to the King Kamehameha Celebration Commission. The reference to the Commission in section 26-6, H.R.S., was not amended to reflect the 1974 change.

Section 7 amends section 26-9, H.R.S., by updating the listing of boards and commissions subject to administration by the Department of Regulatory Agencies.

Section 8 amends section 76-35, H.R.S., by replacing the old definitions relating to salary schedules, ranges and structures with the new terminology of L 1980, Act 253, which amended the Compensation Law. Because section 76-35, H.R.S., defines and delineated intragovernmental transfers, the terminology relating to salary schedules, ranges and structures should conform to the terminology of the Compensation Law.

Section 9 amends section 78-18, H.R.S., by deleting references to repealed section 78-18.5 and replacing it with appropriate references to Chapter 89C, which was enacted in 1978.

Sections 10, 11, 12, 13 and 14 amend the Preamble to Chapter 84, sections 84-19(a) and (b), 84-31(a), 84-33 and 84-37, H.R.S., respectively, by replacing references to "specific standards" of conduct for public officers and employees with references to "code of ethics". In 1978, the electorate ratified a provision in the State Constitution which reflected the change from standards of conduct to code of ethics, and clarification

will be provided by these amendments. In addition, numerous provisions of the State Constitution were renumbered in 1978 and changes are made to reflect the renumbering.

Section 15 amends section 87-1, H.R.S., by deleting the reference to the "chairman" of any county as being a person excluded from the definition of an "employee" from the definitional section for the law on the Public Employees Health Fund. This amendment will conform the section to the counties' charter government structures.

Section 16 amends section 128-11(a), H.R.S., by deleting references to general fund appropriations made in 1949 and 1950 for public safety and internal security, as such appropriations, by virtue of Article VII, section 11, of the State Constitution, lapsed on June 30, 1980.

Section 17 amends section 171-19, H.R.S., which appropriates net proceeds from sales of public lands and buildings thereon which are no longer necessary for school purposes to the counties wherein the sales occurred; such appropriation to be used for acquiring land or erecting buildings for school purposes. In 1967, section 27-11, H.R.S., was amended to transfer the functions of planning, construction, improvement and maintenance of public school facilities and grounds to the State. For the purposes of clarity and consistency, section 171-19, H.R.S., deletes reference to appropriations to the counties.

In addition, section 171-19, H.R.S., is amended by replacing references to "school districts" with "departmental school districts", to conform with the change in terminology effective November 1, 1980.

Section 18 amends section 286-47, H.R.S., by making various technical corrections. Section 286-47 has also been set forth in this bill because L 1980, Act 141, purported to amend the section without the constitutionally required enacting clause.

Section 19 amends the title to section 286-56.5, H.R.S., by removing the brackets from the word "foreign" which the Revisor of Statutes, by virtue of statutory authority, included to conform with the text of the section.

Section 20 amends section 290-11(b), H.R.S., by deleting reference to section 286-172(a)(3), as the provision to which the reference was made were contained in a bill which was vetoed by the Governor in 1980.

Section 21 amends section 305A-4, H.R.S., by conforming a cross-reference to renumbering by L 1975, Act 166.

Section 22 amends section 323D-2, H.R.S., by replacing references to the U.S. Department of Health, Education, and Welfare with its new name, the U.S. Department of Health and Human Services, and by deleting the definition of "state medical facilities plan", as it pertains to the chapter on State medical facilities repealed by L 1980, Act 75.

Section 23 amends section 346-122, H.R.S., by removing the brackets from the references to the United States Housing Act of 1937, Chapter 896, 50 Stat. 888, which were inserted by the Revisor of Statutes who, pursuant to statutory authority, corrected the original reference to the United States Housing Act of 1927, Chapter 396, 50 Stat. 888.

Section 24 amends 362-83, H.R.S., by repealing it, as it made an appropriation for a high school demonstration project in 1969, which, by virtue of Article VII, section 11, of the State Constitution, lapsed on June 30, 1980.

Section 25 amends the title of section 416-78, H.R.S., by removing the brackets from the words "or members", which were inserted by the Revisor of Statutes to conform the title with the text of the section.

Section 26 amends section 425-40, H.R.S., by replacing insanity as a ground for dissolution of a partnership with adjudication of mental incompetence, in conformity with amendments in L 1980, Act 182.

Section 27 amends the title of section 448-6, H.R.S., by deleting the word "quorum", as L 1980, Act 249, deleted reference in the section to the requisite number of members necessary to constitute a quorum.

Section 28 amends the title of section 452-3, H.R.S., by deleting the word "registered" and replacing it with the word "licensed" to conform with the amendments of L 1980, Act 208.

Section 29 amends the definition of "sales representative" in section 468K-1, H.R.S.,

by removing brackets from the word "registered" which the Revisor of Statutes, by virtue of statutory authority, included, as there are no licensing provisions for sales representatives of travel agencies.

Section 30 amends the title of section 46K-12, H.R.S., by removing brackets from the word "registrant" which the Revisor of Statutes, by virtue of statutory authority, included, as there are no licensing provisions for sales representatives of travel agencies.

Section 31 amends the title of section 531-29, H.R.S., by adding the words "or guardians" to conform to amendments in L 1980, Act 260.

Sections 32, 33, 34, 35 and 36 amend section 560:3-301(a), 560:3-308(a), 560:3-502, 560:3-503(b) and 560:3-706(b), H.R.S., respectively, by changing the jurisdictional amount for informal probate proceedings from \$30,000 to \$40,000, to conform to changes made by L 1980, Act 260.

Section 37 amends section 709-906(1), H.R.S., by replacing the phrase "such person" with "the abused person" for the purposes of clarity.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 989, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 989, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Kawakami.

SCRep. 666 Judiciary on H.B. No. 663

The purpose of this bill as received by your Committee is to: provide that no committee, other than the political party under which a candidate is running for office or a committee directly associated with the candidate, can use a candidate's name in any advertisement, without disclosing that such use is without authorization; amend the definition of "candidate," and prohibit committee expenditures until an organizational report is filed.

Your Committee is aware that there are many instances where advertisements are used to support various issues or programs and are supposedly endorsed by candidates. In actuality, these advertisements are without the candidate's consent or authorization. The impression given to the public may be completely false and oftentimes puts the candidate in an embarrassing position.

The bill remedies the above mentioned situation by requiring a statement in the advertisement that the name of the candidate is being used without the candidate's consent.

Your Committee has amended the bill to expand the prohibition to "persons" instead of just to "committees" and to delete the amended definition of "committee" and the restriction in expenditures.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 663, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 663, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Kawakami.

SCRep. 667 Finance on H.B. No. 821

The purpose of this bill is to amend Hawaii Revised Statutes, section 249-31, by providing that any county which elects to renew motor vehicle registrations on a staggered basis, as authorized by Hawaii Revised Statutes, section 286-51, shall also allow the state registration fee and weight tax be staggered so that the state registration fee and tax can be collected together with the county fee.

Your Committee is in agreement that staggering registrations and collections throughout the year will benefit the public. Should a county elect to stagger motor vehicle registrations, the state weight tax and registration fee shall also be staggered to allow for joint collection of fees and taxes. The state registration fee and weight tax shall be deemed delinquent if not paid at the same time as the county registration fee, subject to penalties provided in Hawaii Revised Statutes, section 249-10.

Your Committee has revised this bill to make technical, nonsubstantive amendments.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 821, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.D. No. 821, H.D. 1.

Signed by all members of the Committee except Representative Andrews.

SCRep. 668 Finance on H.B. No. 538

The purpose of this bill is to authorize the issuance of a special purpose revenue bonds in order to refinance the outstanding financial obligations of the Pohai Nani retirement and health care facility.

Pohai Nani Good Samaritan Kauhale is a retirement and health care facility which provides residential and nursing care for the elderly. It is currently owned and operated by the Evangelical Lutheran Good Samaritan Society which purchased the facility in December, 1980. The purchase price of the facility was \$9.25 million, of which \$8.25 million is financed through Citicorp of New York and \$1.0 million is financed by Pacific Homes Corporation. The interest rate required by Citicorp of New York is 1-1/2% over the prime interest rate. This has caused the Society severe financial problems because of the recent high prime interest rates.

Your Committee is in agreement that authorization for the special purpose revenue bonds are in the public interest and are needed to provide long-term financing at acceptable interest rates. It appears that no investigation has been made into the financial condition of the Society to determine its ability to meet the obligations should the special revenue bonds be authorized. Therefore, this bill provides that the Department of Budget and Finance review the financial condition of the Society before it issues the bonds so as to ensure the prompt repayment of all moneys generated by the bonds.

Your Committee has revised this bill to make technical, non substantive amendments.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 538, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 538, H.D. 2.

Signed by all members of the Committee except Representative Andrews.

SCRep. 669 Finance on H.B. No. 564

The purpose of this bill is to amend Hawaii Revised Statutes, chapter 249, by adding a new section that would provide a vehicle owner, whose vehicle has been stolen, with a pro rata refund of the prepaid vehicular weight tax for the stolen vehicle. Specifically, the bill entitles the owner to a refund of 8 1/3 per cent of the total vehicle registration fee for each full month the vehicle was stolen, for the remainder of the registration period. In effect, the owner would be required to pay the vehicular weight tax only from the time of registration to the time the vehicle was stolen.

Your committee is in agreement with this bill. Presently, the state law provides a refund for vehicles that are stored or junked. Since the loss of a vehicle is beyond the control of the vehicle owner, the unused portion of the weight tax that was prepaid during the annual license renewal period should be refunded to the stolen vehicle owner.

Your committee has revised this bill to make technical, nonsubstantive amendments.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 564, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 564, H.D. 1.

Signed by all members of the Committee except Representative Andrews.

SCRep. 670 Finance on H.B. No. 329

The purpose of this bill is to place excluded and exempt employees of the legislative service agencies on an equal footing with their excluded counterparts in the executive and judicial branches. This bill provides that employees of the legislative service agencies, who are exempt from collective bargaining, will be accorded the same opportunity for adjustments in compensation, hours, terms, and conditions of employment, and

other benefits which are currently accorded employees who are excluded from collective bargaining.

Your Committee has amended the bill by adding a new section 2 which provides that the substance of the amendments of this bill, except for the ninety-five per cent compensation limitation provision, shall control regardless of the enactment of any other act during this regular session. Your Committee has also renumbered sections 2 and 3 of the referred bill to sections 3 and 4, respectively, and has made other nonsubstantive, technical amendments.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 329, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 329, H.D. 1.

Signed by all members of the Committee except Representative Andrews.

SCRep. 671 Finance on H.B. No. 482

The purpose of this bill is to provide that the sale of fertilizers and plant nutrients to a licensed producer of agricultural products and commodities to produce commercial agricultural products and commodities shall be considered wholesale sales and shall be taxed at the rate of one-half of one per cent instead of four per cent under the general excise tax.

This bill amends Hawaii Revised Statutes section 237-4 of the general excise tax law. Your Committee had amended this proposal to limit the application of the wholesale tax rate to licensed producers of agricultural products and commodities whose gross income or gross proceeds does not exceed \$100,000 during a calendar year (page 4).

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 482, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 482, H.D. 2.

Signed by all members of the Committee except Representative Andrews.

SCRep. 672 Finance on H.B. No. 1770

The purpose of this bill is to amend various provisions of chapter 468K, Hawaii Revised Statutes, relating to the travel agency recovery fund.

Chapter 468K, Hawaii Revised Statutes, was enacted as Act 290, 1980 and became effective January 1, 1981. This bill would amend the chapter in the following substantive manner: (1) limit recovery to those acts committed by only registered travel agents or sales representatives, (2) lower individual recovery limits from \$10,000 to \$5,000, (3) provide a definition of "aggrieved person", (4) limit payment into the fund to one payment at initial registration, (5) limit additional payments to the fund at only even numbered years, (6) increase the interest rate on repayments to the fund from six to twelve per cent, and (7) lower the limit on maximum liability of the fund from \$10,000 to \$5,000.

Your Committee has revised this bill to make technical non-substantive amendments.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 1770, H.D.1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1770, H.D. 2.

Signed by all members of the Committee except Representative Andrews.

SCRep. 673 Finance on H.B. No. 331

The purpose of this bill is to provide for an exemption from the general excise tax of negotiated gratuities or service charges, including guaranteed tips, for services in connection with food and entertainment packages, banquets, group portorage services, tour conductor services, and room services when the charge is added to the sales price and identified as a gratuity, tip, or service charge, and actually disbursed by the employer to employees regularly providing such services.

Under present law, there is no provision for the exemption from the general excise

tax for amounts received as negotiated gratuities, tips, or service charges.

Businesses are required by contracts negotiated with the employees' union to collect these service charges for those employees who usually have no direct contact with the purchase of their services. If the payment is made voluntarily, it is not subject to tax, but if the service charge is collected as part of a total bill, the amount is considered part of the gross proceeds of the business and subject to the tax.

Your Committee has received numerous testimonies from interested concerns in favor of this bill. It should be noted, though, that the department of taxation is strongly opposed to the bill's passage and states that this amendment would contradict the philosophy of the General Excise Tax Law by eroding the tax base and discriminating against other taxpayers and businesses subject to the tax.

Your Committee finds after review of the testimonies that tips and gratuities are not income to a business, but income to the employee.

Your Committee has amended the bill by making nonsubstantive amendments to the bill.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 331, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 331, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Andrews.

SCRep. 674 Finance on H.B. No. 1406

The purpose of this bill is to enact a rapid capital cost recovery system for the revitalization of business to encourage stable long-term economic growth. The bill provides for three classes of business assets, each with a given recovery period. Buildings would have a ten-year recovery period; machinery and equipment, five years; and vehicles, three years. It also calls for the phasing-in of the new schedule over a five-year period to minimize its impact on tax revenues.

Your Committee finds that replacing the existing useful life depreciation system with a simplified, rapid capital cost recovery system would lower the cost of capital and encourage greater investment in new plant and equipment.

The beneficial effects of the proposed system on the nation's economy are also recognized on the federal level. A number of similar measures proposing rapid capital cost recovery systems are now pending in Congress. The President of the United States in a speech to Congress in February, also announced his support for a 10-5-3 capital cost recovery system.

While recognizing the benefits of the bill on businesses, large and small, your Committee is also concerned about the possible differences in state and federal laws regarding capital cost recovery, thereby leading to increased implementation and administrative costs.

Your Committee notes the urgency of adopting this measure in this legislative session as opposed to waiting until the Regular Session of 1982. In the same manner as the repeal of the carryover basis of inherited property was adopted on a prospective basis in Act 159, Session Laws of Hawaii 1980, there is also a need to adopt provisions concerning capital cost recovery in this Regular Session. The reason for adopting Act 159 was the number of persons affected and the early adoption by Congress of the repeal of the carryover basis. Similarly, it appears that Congress will move early in this year to adopt a capital cost recovery law which will affect many persons in this State and, if not provided for in this session, will cause tremendous bookkeeping problems for both the State and the private sector.

Your Committee, therefore, has decided to amend H.B. No. 1406 to insure that businesses would gain the benefits of rapid capital cost recovery in filing Hawaii taxes at the same time they would enjoy the changes in the federal law as well as to continue the practice of conformance between state and federal tax laws whenever possible. The amended bill provides that upon passage by Congress of H.R. No. 1053, "Capital Cost Recovery Act of 1981", or a similar law concerning the recovery of capital costs, such provisions shall take effect relative to Hawaii tax laws on the same effective date.

Your Committee on Finance is in accord with the intent and purposes of H.B. No. 1406, as amended herein, and recommends it pass Second Reading in the form attached hereto as H.B. No. 1406, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Andrews.

SCRep. 675 Finance on H.B. No. 1208

The purpose of this bill is to provide that the director of taxation shall pay an amount equal to the amount of liquor taxes previously paid on liquor, which was lost, rendered unmarketable, or condemned by casualty or other disaster, or damaged by vandalism or malicious mischief.

The refund proposed by this bill is to be made to the person who holds the product at the time of the incident.

Your committee has revised this bill to use the term "refund" consistently throughout the bill and to make other technical, nonsubstantive amendments.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 1208, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1208, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Andrews.

SCRep. 676 Finance on H.B. No. 867

The purpose of this bill is to give the investigators of the Attorney General's Office the same benefits and privileges of a police officer or of a deputy sheriff.

Your Committee agrees that the (1) required duties and functions, (2) high risk factor, and (3) high stress-type situations of the Attorney General's investigators are equal to or greater than their counterparts at the county level. Duties and functions include being proficient and test qualified in the use of firearms, and providing security and protection services to government officials and official dignitaries. High risk and high stress situations include investigations of civil, administrative and criminal matters, investigations of arson, bomb threats, vandalism, sabotage, and contraband smuggling on state properties such as at prisons, airports and hospitals.

For such reasons, the investigators of the Attorney General's Office should be granted benefit and privilege parity with the policemen and investigators of the county prosecutor's office.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 867 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representative Andrews.

SCRep. 677 Finance on H.B. No. 50

The purpose of this bill is to increase the bond authorization for tax-exempt, mortgage-backed revenue bonds, and to permit an applicant who owns land to be eligible for a loan with which the person could finance the construction of a home on that lot.

The increase of \$250 million in the authorization for the issuance of revenue bonds will enable a greater number of Hawaii residents to take advantage of the Hawaii Housing Authority's successful Hula Mae program.

The change in eligibility requirements will allow applicants who own land upon which they plan to build, usually on the neighbor islands, to qualify for Hula Mae loans. Present statutory limitations prohibit the making of loans to persons who have owned any interest in real property within the three years prior to application for the loan.

This bill also amends the definition of "eligible borrower" so that a borrower does not own any interest in a principal residence rather than any interest in real property. Principal residence as defined by the Internal Revenue Service and the Department of Housing and Urban Development means a dwelling unit which is occupied by a mortgagor for more than 180 days in any twelve-month period. Since this definition refers to a

house and lot, but not a house by itself or a lot by itself, a resident who owns a lot yet still meets other Hula Mae program qualifications thus becomes eligible for a Hula Mae loan.

Ownership of land will not give a person an unfair advantage over other Hula Mae applicants as the vacant lot will still be considered as an asset. Thus, a person with a high value lot will be disqualified through the assets test, while a poorer applicant who happens to own a modest vacant lot may not be disqualified.

The definition of "eligible loan" is amended to mean a "loan to an eligible borrower for the permanent financing of a dwelling unit." This change will insure that Hula Mae funds will not be used for interim construction loans, but only for permanent mortgage financing.

The definition of "housing loan program" is amended to include "eligible project loans." This is a minor technical amendment which was overlooked when the 1980 legislature expanded the Hula Mae program to include rental housing projects.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 50, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Representative Andrews.

SCRep. 678 Finance on H.B. No. 35

The purpose of this bill is to amend section 235-12, Hawaii Revised Statutes, by extending the present solar tax credit expiration date from December 31, 1981, to December 31, 1985. Additionally, the bill extends the exemption to include heat pumps. The solar tax credit would apply to heat pumps installed and placed in service after December 31, 1980.

Your Committee is in agreement that extending tax incentives for solar energy devices and providing tax credits for heat pumps will encourage Hawaii's citizens to install and utilize these energy-saving devices and will help reduce Hawaii's dependence on scarce fossil fuels. An extension of the tax credit to December 31, 1985, will conform with the federal expiration date for energy conservation tax credits.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 35, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Representative Andrews.

SCRep. 679 Finance on H.B. No. 1584

The purpose of this bill is to provide a pay increase for enlisted personnel of the Army and Air National Guard while on active duty in service of the State.

Based on an eight-hour day, the lowest pay and allowance for personnel is presently about \$28.74, or \$3.59 per hour. The state minimum wage is \$26.80 or \$3.35 per hour. The proposed increase of ten times the minimum wage would be \$33.50 per day or \$4.19 per hour. This would mainly benefit the three lowest enlisted grades of Privates and Airmen E1, E2, and Private First Class E3.

Your Committee finds that there are no provisions to compensate personnel for overtime when they are required to work more than the normal eight-hour day. Thus, some of the lower ranking personnel have suffered a loss of income when the pay per hour falls under the state minimum of \$3.35.

Your Committee is in agreement that increasing the minimum active duty pay and allowance will help offset some of the loss and thus benefit the lower grade enlisted personnel.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 1584 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representative Andrews:

SCRep. 680 Finance on H.B. No. 278

The purpose of this bill is to require the preparation of energy forecasts and assessments of loads and resources by the electric utilities and to require review and reports by the Department of Planning and Economic Development.

Your Committee is in agreement that the provision of dependable, efficient, and economical statewide energy systems capable of meeting the needs of our citizens is of vital public interest to the State. Because of rapidly spiraling fuel costs resulting in rising electric utility rates, the need for a coordinated and comprehensive assessment of energy sources, supply, demand, and prices becomes apparent.

This bill requires the Department of Planning and Economic Development to be responsible for the preparation and analysis of statewide energy forecasts and assessments. The Hawaii Integrated Energy Assessment (HIEA) may be utilized by the department to prepare these required energy forecasts and assessments.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 278, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Representative Andrews.

SCRep. 681 Finance on H.B. No. 1680

The purpose of this bill is to authorize the Department of Budget and Finance to issue special purpose revenue bonds to assist nine not-for-profit health care facilities to provide and improve health care to the general public by financing new construction and renovation or by refinancing existing obligations.

Your Committee finds that the issuing of special purpose revenue bonds to the nine health care facilities is in the public interest and for the public health, safety, and general welfare. Further, the issuance is only authorized when the projects for which they are requested will commence within one or two years of the authorization and only when all requirements relating to the issuance and approval have been met.

Your Committee approves the requests by the health care facilities regarding the purpose and costs of the proposed construction and renovation projects.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 1680, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Representative Andrews.

SCRep. 682 Finance on H.B. No. 125

The purpose of this bill is to provide for the issuance of special purpose revenue bonds by manufacturing enterprises. Article VII, section 12, of the State Constitution permits this type of bonds but enabling legislation is necessary to implement the constitutional provision.

Special purpose revenue bonds are marketed in the major money markets, primarily the New York bond market. Based on the revenues of the enterprise for which funding is being sought, the state markets the bonds under its name but is not liable for any default, since the enterprise for which funding was obtained is directly liable.

The advantage of this type of bond to the enterprise is that it will receive financing at an interest rate more favorable than if it marketed the bond directly. The advantage to the State is that it encourages the expansion or establishment of businesses.

Your Committee has amended this bill by changing the proviso beginning on line 6 of page 19 to read as follows:

"provided that the department may reserve the right and privilege to subsequently issue additional series of special purpose revenue bonds, from time to time, payable from the revenues derived from such project agreement on a parity with the special purpose revenue bonds theretofor issued, and the subsequently issued series of special purpose revenue bonds may be secured, without priority by reason of

date of sale, date of execution, or date of delivery, by a lien on the revenues in accordance with law, including this part."

Your Committee has revised this bill to make technical, non-substantive amendments.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 125, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 125, H.D. 2.

Signed by all members of the Committee except Representative Andrews.

SCRep. 683 Finance on H.B. No. 126

The purpose of this bill is to provide for the issuance of special purpose revenue bonds by processing enterprises. Article VII, section 12, of the State Constitution permits this type of bonds but enabling legislation is necessary to implement the constitutional provision.

Special purpose revenue bonds are marketed in the major money markets, primarily the New York bond market. Based on the revenues of the enterprise for which funding is being sought, the State markets the bonds under its name but is not liable for any default, since the enterprise for which funding was obtained is directly liable.

The advantage of this type of bond to the enterprise is that it will receive financing at an interest rate more favorable than if it marketed the bond directly. The advantage to the State is that it encourages the expansion or establishment of businesses.

Your Committee has amended this bill by changing the proviso beginning on line 6 of page 19 to read as follows:

"provided that the department may reserve the right and privilege to subsequently issue additional series of special purpose revenue bonds, from time to time, payable from the revenues derived from such project agreement on a parity with the special purpose revenue bonds, theretofor issued, and the subsequently issued series of special purpose revenue bonds may be secured, without priority by reason of date of sale, date of execution, or date of delivery, by a lien on the revenues in accordance with law, including this part."

Your Committee has revised this bill to make technical, non-substantive amendments.

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 except Representative Andrews.

SCRep. 684 Finance on H.B. No. 127

The purpose of this bill is to provide for the issuance of special purpose revenue bonds by industrial enterprises. Article VII, section 12, of the State Constitution permits this type of bonds but enabling legislation is necessary to implement the constitutional provision.

Special purpose revenue bonds are marketed in the major money markets, primarily the New York bond market. Based on the revenues of the enterprise for which funding is being sought, the state markets the bonds under its name but is not liable for any default, since the enterprise for which funding was obtained is directly liable.

The advantage of this type of bond to the enterprise is that is will receive financing at an interest rate more favorable than if it marketed the bond directly. The advantage to the State is that it encourages the expansion or establishment of businesses.

Your committee has amended this bill by changing the proviso beginning on line 7 of page 19 to read as follows:

"provided that the department may reserve the right and privilege to subsequently issue additional series of special purpose revenue bonds, from time to time, payable

from the revenues derived from such project agreement on a parity with the special purpose revenue bonds theretofor issued, and the subsequently issued series of special purpose revenue bonds may be secured, without priority by reason of date of sale, date of execution, or date of delivery, by a lien on the revenues in accordance with law, including this part."

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 127, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 127, H.D. 2.

Signed by all members of the Committee except Representative Andrews.

SCRep. 685 Finance on H.B. No. 128

The purpose of this bill is to provide enabling legislation for the issuance of special purpose revenue bonds on behalf of utilities.

This bill is the implementing legislation for the new provisions of Article VII, section 12, of the State Constitution authorizing such issuance. Allowing the various electric-producing companies to issue tax-free revenue bonds for capital expenditure purposes will result in a long-term benefit to consumers.

Present law provides that rates paid by consumers be based on a formula utilizing the operating costs of the utility, plus depreciation expense, plus a reasonable rate of return. A major component of costs has been the interest paid out on mortgage bonds issued for capitol expense. The issuance of the contemplated tax-free bonds will result in lower interest rates to be paid by the utility, and therefore a net annual savings to consumers if the present rate-making formula is continued.

This bill would add a new chapter to the Hawaii Revised Statutes, detailing the procedures governing the issuance of special purpose revenue bonds, including provisos that the State incur no costs in connection with issuance.

Under the procedure set out by this bill, the Department of Budget and Finance would be authorized by the legislature by a two-thirds vote to issue tax exempt revenue bonds, the proceeds of which will be loaned to gas and electric companies. The bonds, however, will not be secured in any way by the general credit or the revenues of the State, but instead will be secured solely by the utility assisted by such issuance.

The bill also provides that specific authorization is required for each project or multi-project program under this chapter in the form of a separate law by two-thirds vote of the legislature. Continuing review is thereby provided for on a project-by-project basis. Additionally, the bill provides for further review by requiring that the chapter expire automatically on June 30, 1984.

Your Committee feels that based on the testimony presented, the special purpose revenue bond program represents a potential savings to consumers on a long-term basis.

Your Committee has amended this bill by changing the proviso beginning on line 13 of page 21 to read as follows:

"provided that the department may reserve the right and privilege to subsequently issue additional series of special purpose revenue bonds, from time to time, payable from the revenues derived from such project agreement on a parity with the special purpose revenue bonds theretofor issued, and the subsequently issued series of special purpose revenue bonds may be secured, without priority by reason of date of sale, date of execution, or date of delivery, by a lien on the revenues in accordance with law, including this part."

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 128, H.D. 2, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 128, H.D. 3.

Signed by all members of the Committee except Representative Andrews.

SCRep. 686 Finance on H.B. No. 1048

The purpose of this bill is to authorize the Department of Budget and Finance to issue special purpose revenue bonds for the furnishing of electric energy.

Your committee has previously approved of the concept and enabling legislation for the issuance of special purpose revenue bonds. This bill provides for the specific total amount available for the issuance of revenue bonds by the electric utility companies. Under this bill, the total authorized amount will not exceed \$160.56 million for capital improvement programs of the utilities; or, according to testimony presented by the Public Utilities Commission, approximately 50 per cent of the projected capital expenditure program for the utilities.

Your committee has revised this bill to make technical, non-substantive amendments.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 1048, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1048, H.D. 2.

Signed by all members of the Committee except Representative Andrews.

SCRep. 687 Finance on H.B. No. 728

The purpose of this bill is to establish a buy back provision to curb speculation and keep down escalating costs of surrendered homes by amending section 209, Hawaiian Homes Act, 1920, as amended.

Presently, the homesteader who surrenders his homestead is given the appraised value determined by independent appraisal. This arrangement has made it difficult for the new lessee to acquire the surrendered homestead because of the escalated cost. This proposal is designed to dampen the buy back cost of homes that are surrendered and make them more accessible to the new lessee. It should also act as a curb against speculation.

Your Committee is in agreement with this recommendation of the Department of Hawaiian Home Lands to establish a buy back provision to avoid speculation and the attendant escalating costs.

Your Committee has revised this bill to make technical and non-substantive changes.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 728, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 728, H.D. 1.

Signed by all members of the Committee except Representative Andrews.

SCRep. 688 Finance on H.B. No. 765

The purpose of this bill is to remove existing, outmoded, salary limitation provisions that apply to excluded employees.

Your Committee is in accord with the need for sections 89C-2, 78-18, and 77-13(f)(4), Hawaii Revised Statutes, which set statutory limitations on the compensation of public officers and employees. However, negotiated pay increases for employees included in several of the bargaining units have surpassed these limitations, whereas the limitations still apply to excluded employees. Maximum limitations for excluded employees conflict with merit pay principles when the same limitations no longer apply to included employees. This bill provides for comparable adjustments in the compensation of officers and employees excluded from collective bargaining, which shall be consistent with legislative intent expressed in chapter 89C, Hawaii Revised Statutes.

Your Committee has amended the bill as follows:

(1) Added a new section 5 which provides that the provisions relating to the deletion of the ninety-five per cent compensation limitation shall control regardless of any other act enacted during this regular session;

(2) Renumbered sections 5 and 6 of the bill referred to your Committee to sections 6 and 7 respectively; and

(3) Made other nonsubstantive, technical and style amendments.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 765, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 765, H.D. 1.

Signed by all members of the Committee except Representative Andrews.

SCRep. 689 Finance on H.B. No. 808 (Majority)

The purpose of this bill is to increase the revenue base for the State highway fund.

This bill provides that all taxes derived from the sale of liquid fuel under section 237-16, Hawaii Revised Statutes, sold or used for operating motor vehicles upon the public highways of the State shall be deposited into the state treasury to the credit of the State highway fund; and that the director of Taxation, with gubernatorial approval, shall annually establish a formula to determine the amount of taxes so collected to be deposited to the credit of the State highway fund for the period July 1, 1981 to June 30, 1983.

Your Committee has amended the bill by deleting the section mandating the Department of Transportation to expend \$250,000 from the State highway fund to contract with an independent consultant to develop a long-range financial plan for the financing of land transportation facilities and services. The bill has been further amended to delete the drop dead clause and to amend directly section 237-16, Hawaii Revised Statutes, to provide for the continuing deposit of such taxes to the State highway fund and the annual establishment of the formula by the Director of Taxation.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 808, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 808, H.D. 2.

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

SCRep. 690 Finance on H.B. No. 1470 (Majority)

The purpose of this bill is to mandate the Department of Transportation to enter into arrangements regarding both the sale and delivery of in-bond merchandise at the Honolulu International Airport only by means of separate contracts providing for comparable facilities at the airport, and by no other arrangements or agreements such as delivery permits.

After a hearing and upon consideration, your Committee on Finance has amended the bill as follows:

1. Lines 6 and 7 on page 6 and the comma after the word "also" on line 5 are deleted.
2. Other non-substantive changes.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 1470, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1470, H.D. 2.

Signed by all members of the Committee except Representative Andrews.
(Representative Levin did not concur.)

SCRep. 691 Finance on H.B. No. 1233

The purpose of this bill is to amend section 10-11, Hawaii Revised Statutes, to authorize the Board of Trustees of the Office of Hawaiian Affairs to establish the salary of the administrator of the Office of Hawaiian Affairs; provided that such salary shall not exceed the salary of the highest paid state department head or director.

Under present law the salary of the administrator of the Office of Hawaiian Affairs is set at \$30,000. Your Committee agrees that this salary should be equal to that of a state department head or director.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 1233 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representative Andrews.

SCRep. 692 Finance on H.B. No. 2

The purpose of this bill is to appropriate funds to the Judiciary for the fiscal biennium July 1, 1981 to June 30, 1983.

The bill provides \$49,784,947 in operating funds for the 1981-83 fiscal biennium. Of this amount \$23,879,293 is for fiscal year 1981-82 and \$25,905,654 is for fiscal year 1982-83.

A major portion of the requirements centers around new positions to handle the increased caseload of the courts; the addition of a third circuit court judge and the addition of two family court judges in the first circuit.

The bill also provides funds for 13 CIP projects in fiscal years 1981-82 and 1982-83. The bulk of the funding is for three major projects, the State Judiciary Complex, \$1,628,000 and the Honolulu District Court, \$1,350,000; and the Wailuku Judiciary Complex, \$12,071,000.

Your committee has amended this bill by revising operating expenditures for hiring delays in recruiting new positions and a reduction in the requested expansion of services provided to juveniles by the intake services center. The CIP appropriations have also been revised by deleting the second year funding, providing for \$15.3 million in general obligation bond funds for fiscal year 1981-82.

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

Signed by all members of the Committee except Representative Andrews.

SCRep. 693 Finance on H.B. No. 32

The purpose of this bill is to extend the three-year, job-sharing pilot project of the Department of Education, which is scheduled to end at the close of the 1980-81 academic year, for an additional two academic years.

Your Committee believes that an extension of the pilot project will enable the Legislature to consider more fully appropriate refinements or amendments to the act establishing the pilot project (Act 150, Session Laws of Hawaii 1978, as amended by Act 134, Session Laws of Hawaii 1980).

Your Committee has amended page 8 of this bill to delete the requirement for additional reports by the legislative auditor and to make non-substantive changes.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 32, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 32, H.D. 1.

Signed by all members of the Committee except Representative Andrews.

SCRep. 694 Finance on H.B. No. 38

The purpose of this bill is the extension of the State Program for the Unemployed (SPU) and its component, the State Comprehensive Employment and Training (SCET) program as provided by Act 151, 1975 as amended.

As part of the State's effort to combat cyclical unemployment through a program similar to CETA, the 1975 Hawaii State Legislature established the State Program for the Unemployed. SPU, a temporary state funded program administered by the Department of Labor and Industrial Relations, has been extended from year to year since then.

Your committee finds that the City and County of Honolulu, the major CETA prime sponsor, will receive 43% less funds in fiscal 1981 than last year with the largest cutback in public service employment programs. The local job market is not expected to expand

enough to absorb the CETA displacements. Without SCET, the employment training needs of many economic disadvantaged persons will not be met.

Your committee approves the appropriation of \$3,000,000 to continue SPU. Your committee has revised this bill to make technical, nonsubstantive amendments.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 38, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 38, H.D. 2.

Signed by all members of the Committee except Representative Andrews.

SCRep. 695 Finance on H.B. No. 438

The purpose of this bill is to require the department of accounting and general services to consider the feasibility and desirability of including child care facilities in new state buildings and to permit the department to design the buildings to accommodate child care facilities and enter into contracts to lease the facilities.

Your Committee has amended this bill to provide for consultation with the department of education in assessing the feasibility and desirability of leasing existing unused classrooms for child care facilities.

Your Committee has restructured the bill for purposes of style.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 438, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 438, H.D. 2.

Signed by all members of the Committee except Representative Andrews.

SCRep. 696 Finance on H.B. No. 440

The purpose of this bill is to increase the tax credit which a taxpayer may claim for qualified child or disabled dependent care. The expenses must be incurred to enable the taxpayer to be gainfully employed. The bill would increase the tax credit from five per cent to ten per cent.

Presently, state law allows a tax credit of five per cent of the qualifying expenses of child care if child care is necessary to enable the parents or a single parent to work.

Your Committee has amended H.B. No. 440, H.D. 1, by deleting the proviso requiring that the expenses must be incurred at licensed day care centers. The proviso would disallow a deduction for expenses paid to relatives providing child care.

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

Signed by all members of the Committee except Representative Andrews.

SCRep. 697 Finance on H.B. No. 722

The purpose of this bill is to amend section 127-11, Hawaii Revised Statutes, to increase the amount of money the Governor may expend from the Major Disaster Fund for the immediate relief of any single major disaster.

Your Committee finds that the current limit of \$500,000 for the immediate relief of any single major disaster is inadequate to provide an acceptable level of state disaster assistance due to, among other things, increasing construction costs.

Your Committee, after careful review, has revised this bill to increase the current limit of \$500,000 to \$750,000.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 722, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 722, H.D. 1.

Signed by all members of the Committee except Representative Andrews.

SCRep. 698 Finance on H.B. No. 1716

The purpose of this bill is to change the amount of contribution required of the State and county public employers' premium for a health benefit plan and children's dental plan.

Presently, the employer contribution to the health fund is now set at \$14.14 for a single employee, \$45.08 for an employee with family coverage, and \$4.18 for the children's dental plan. When premiums are increased, the employees pay the entire increase until the legislature increases the employer contribution.

Your Committee is in agreement that as health plan costs rise, the State and counties should pay a portion of the increase.

This bill increases the employer rate as follows:

1.	Employee	\$ 14.88
2.	Employee with Dependents	47.34
3.	Children's Dental Plan	5.00

Your Committee has also made non-substantive, technical amendments.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 1716, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1716, H.D. 2.

Signed by all members of the Committee except Representative Andrews.

SCRep. 699 Finance on H.B. No. 1437

The purpose of this bill is to add a new section to chapter 239, Hawaii Revised Statutes, exempting contract carriers by water, from the four per cent gross income tax as stated in section 239-6, Hawaii Revised Statutes.

Your Committee notes that this bill aids in a relatively new industry that promotes tourism and the general economy within the State. Thus, only contract carriers by water with a gross weight of over 10,000 gross tons which engage mainly in the transportation of persons for tourism or sightseeing purposes between the islands are afforded the exemption from the four per cent gross income tax.

The gross income tax exemption is provided for a period of five years from the date of first use of the carrier within the State.

Your Committee has amended this bill by rewriting it in its entirety to conform to drafting style and language.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 1437, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1437, H.D. 1.

Signed by all members of the Committee except Representative Andrews.

SCRep. 700 Finance on H.B. No. 33

The purposes of this bill are (1) to amend Hawaii Revised Statutes, section 26-12, by assigning to the state librarian the responsibility of administering programs relating to public library services and transcription services for the blind, under policies established by the board of education; and (2) to amend Hawaii Revised Statutes, section 312-2.1, by providing that the state librarian be appointed by the board of education and serve under the direction of the board of education, and be responsible for the planning, programming, and budgeting of all community school and public libraries within the State.

At present, the administration of programs related to library services and transcription services for the blind are within the responsibilities of the superintendent of education, and the state librarian is under the direction of the superintendent of education.

Your Committee has amended this bill to retain the present salary level of the state librarian.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 33, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 33, H.D. 2.

Signed by all members of the Committee except Representative Andrews.

SCRep. 701 Finance on H.B. No. 1875 (Majority)

The purpose of this bill is to authorize the issuance of revenue bonds, and to appropriate the receipts therefrom, to finance the public participation portion of the Aloha Tower Complex redevelopment project.

Your Committee approves the \$33,260,000 in revenue bonds for the purpose of this bill.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 1875, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Representative Andrews.
(Representative Kobayashi did not concur.)

SCRep. 702 Finance on H.B. No. 1583 (Majority)

The purpose of this bill is to amend section 76-16, Hawaii Revised Statutes, in order to authorize the addition of one more deputy director position to the Department of Planning and Economic Development.

Since the establishment of the present department in 1963, there has been a substantial change in the number of programs and functions assigned to it. The department is now responsible for a number of functional and organizational assignments, as well as nine programs in economic development and government-wide support. Further, the range and variety of assignments are also reflected in the fact that the director serves on 11 boards, commissions, and other public bodies as required by statutes.

Despite the heavy workload on the department, there is only one deputy director position authorized at the present time. An additional deputy director would allow one person to be assigned to each of the major areas in the department, namely, research and planning programs and economic development programs. Besides providing help in the department's central administration, the deputy director could also provide another point of contact for the department's many and various groups. Services to the public and the carrying out of programs and projects would be greatly improved by the addition of the deputy director.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 1583 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representative Andrews.
(Representatives Lacy and Narvaes did not concur.)

SCRep. 703 Finance on H.B. No. 922

The purpose of this bill is to clarify statutory provisions in section 29-1 and 29-2 of the Hawaii Revised Statutes relating to the Office of the Federal Programs Coordinator and to provide for the establishment of a local federal program coordinator's office.

Your Committee finds that the Office of the Federal Programs Coordinator has never been established in Washington, D.C., since the enactment of sections 29-1 and 29-2 in 1969. This is due mostly to the prohibitive cost of establishing such an office staffed with state employees. Recently, the State has fulfilled much of its responsibilities under this law through a Consultant Services Contract with a Washington, D.C., based firm. Currently, the responsibility for federal coordination is assigned to a member of the Governor's staff on a part-time basis. The tremendous upsurge in federal program information dissemination and coordination requirements, especially in light of the anticipated federal budget cuts and the increased competition for available federal

funds, mandates an increased staff commitment to the program.

In this regard, the day-to-day federal coordination needs of state agencies will be best dealt with through a full-time, in-state, federal programs coordinator working in concert with the federal aids consultant. This would allow the most efficient conduct of the program in responding to such activities as Congressional inquiries, changes in rules and regulations of federal agencies, and federal grant announcements and applications.

Your Committee directs the revisor of statutes to conform this bill to Hawaii Revised Statutes style rules.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 922 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representative Andrews.
(Representatives Lacy, Narvaes and Wong did not concur.)

SCRep. 704 Finance on H.B. No. 919

The purpose of this bill is to provide for payment of a judgment resulting from a settlement agreement in a lawsuit entitled Sylvia Gamino v. State of Hawaii v. Yukio Yamamoto and Yama's General Contractors, Civil No. 59095.

Your Committee believes that it is in the best interest of the State that an appropriation in the sum of 4.1 million dollars be made to fully satisfy the judgment.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 919 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representative Andrews.

SCRep. 705 Finance on H.B. No. 944

The purpose of this bill is to amend Hawaii Revised Statutes section 237-17 relating to the 0.5 per cent rate for the blind, deaf, and totally disabled by providing that the reduced rate shall also apply to trusts where the sole beneficiary is blind, deaf, or totally disabled.

This bill provides relief by addressing the situation where trusts are established for the sole benefit of a blind, deaf, or totally disabled person. Your committee agrees that this exemption is reasonable and fair but should be limited to the first \$30,000 of proceeds, sales, income or other receipts subject to tax. This bill is accordingly amended to impose such limitation.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 944, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 944, H.D. 1, and be placed on the calendar for the Third Reading.

Signed by all members of the Committee except Representative Andrews.

SCRep. 706 Youth and Elderly Affairs and Judiciary on H.B. No. 71

The purpose of this bill is to amend Section 571-2, Hawaii Revised Statutes, by adding three new definitions of "harm", "threatened harm", and "mental injury" to specifically define acts or omissions which will constitute harm to a child.

Your Committees, after hearing testimony, have made several amendments to the bill.

Your Committees amended the bill by replacing "mental injury", with "psychological abuse or neglect", to be consistent with Section 350, Hawaii Revised Statutes.

Your Committees also amended the definition of "harm" as follows: (1) defining "corporal punishment", as it is defined in Section 703-309, Hawaii Revised Statutes; (2) deleted the phrase "although financially able to do so or offered financial or reasonable means to do so" and replacing it with "willfully or unwillfully for purposes of clarity"; (3)

deleted the phrase "family court" and replaced it with "other social, educational or health related agencies because the Department of Social Services and Housing is not the only agency which may find it necessary to intervene in cases where there is a failure to provide the child with adequate care, supervision, or guardianship by specific acts or omissions.

Your Committees amended the definition of "threatened harm" to include "any reasonable foreseeable damages to a child's physical, mental or emotional health and welfare" for purposes of clarity.

Your Committee also amended the definition of "psychological abuse or neglect", by deleting the phrase "with due regard to the child's culture" as the Committees felt it was ambiguous and would cause unnecessary confusion, as the family court already takes a child's culture into consideration.

Lastly, your Committees amended Section 2 of the bill by deleting the word "his" and added "the child's", for purposes of clarity.

Your Committees on Youth and Elderly Affairs and Judiciary are in accord with the intent and purpose of H.B. No. 71, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 71, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committees except Representative Nakamura.

SCRep. 707 Health on H.R. No. 270

The purpose of this resolution is to request the House Committee on Health to conduct an interim study of the State Comprehensive Emergency Medical Services System.

Your Committee finds that since the enactment of the statewide emergency medical services system in 1978, the cost to the State in providing for such services has increased dramatically, in particular the cost of ambulance services and specially trained medical technicians. Further, the existence of varying State, county, and private agency models for providing emergency medical services delivery throughout the State have made difficult a comprehensive evaluation of the current program.

Your Committee believes that an interim legislative review of the level, type, and geographic locations of emergency medical services, as well as of the costs involved in providing for these services, would significantly assist the Legislature in making informed decisions relating to the possible future expansion or upgrading of the emergency medical services program. Such a review will also help ensure the cost-effective and efficient utilization of existing State resources.

Your Committee has amended this resolution to also request the cooperation and assistance of the counties of Kauai, Maui, Oahu, and Hawaii in the conduct of the study.

Your Committee on Health concurs with the intent and purpose of H.R. No. 270, as amended herein, and recommends that it be referred to the Committee on Finance, in the form attached hereto as H.R. No. 270, H.D. 1.

Signed by all members of the Committee.

SCRep. 708 Corrections and Rehabilitation on H.B. No. 1931

The purpose of this bill is to delete HRS 352-16(c), requiring at least the minimum wage for wards on work release employment.

Your Committee amended this bill to provide less than minimum wages may be paid but for not more than 5 hours a week.

Your Committee on Corrections and Rehabilitation is in accord with the intent and purpose of H.B. No. 1931, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1931, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Waihee.

SCRep. 709 Finance on H.B. No. 807

The purpose of this bill is to implement the provisions of Article VII, Section 6 of the State of Hawaii Constitution enacted by the 1978 Constitutional Convention, which states as follows:

"DISPOSITION OF EXCESS REVENUES

Section 6. Whenever the state general fund balance at the close of each two successive fiscal years exceeds five percent of general fund revenues for each of the two fiscal years, the legislature in the next regular session shall provide for a tax refund or tax credit to the tax payers of the State, as provided by law."

Since the state general fund balance has met the threshold excess for the required fiscal years, this bill shall provide the sum of \$100 in the form of a general tax credit to each qualified state taxpayer.

Your Committee has amended the bill by increasing the amount of the general credit from \$50 to \$100. Your Committee believes that the increase in the general credit granted by this bill will comport with the intent of Article VII, Section 6, of the State of Hawaii Constitution.

Your Committee has also made technical, nonsubstantive changes to this bill.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 807, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 807, H.D. 1 and that it be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 710 Finance on H.B. No. 1239

The purpose of this bill is to authorize the issuance of general obligation bonds to finance projects authorized in H.B. No. 1, H.D. 1, the General Appropriations Act of 1981, and H.B. No. 2, H.D. 1, the Judiciary Appropriations Act of 1981.

As originally introduced, this bill would have authorized the State Director of Finance to waive the requirement for the posting of a surety bond under certain conditions as a condition for the payment of lost, destroyed, defaced or stolen State bonds and coupons.

In its present form, the bill includes the declaration of findings required by the clause in Article VII, Section 13 of the State Constitution which states:

"Effective July 1, 1980, the legislature shall include a declaration of findings in every general law authorizing the issuance of general obligation bonds that the total amount of principal and interest, estimated for such bonds and for all bonds authorized and unissued and calculated for all bonds outstanding, will not cause the debt limit to be exceeded at the time of issuance."

The effect of the foregoing constitutional requirement is that the Legislature must take into account the debt service on all bonds that count against the debt limit, including outstanding bonds, authorized bonds which are yet to be issued, and bonds authorized in the Act, and demonstrate that the constitutional debt limit will not be exceeded at the time the bonds are issued.

Your Committee has developed the required declaration in Section 1 of the bill sequentially as follows:

Paragraph 1 sets forth the basic constitutional provision governing state debt.

Paragraph 2 shows the actual debt limit applicable for fiscal year 1980-81 and estimates of the debt limit for fiscal year 1981-82 to fiscal year 1984-85.

Paragraph 3 shows the debt service requirements from fiscal year 1981-82 to fiscal year 1987-88 for outstanding general obligation bonds which must be counted against the debt limit.

Paragraph 4 states the amount of authorized but unissued general obligation bonds as of December 31, 1980 and the amount of general obligation bonds authorized by this bill.

Paragraph 5 shows the schedule for proposed general obligation bond issuance and states the assumptions concerning bond maturities.

Paragraph 6 states that the total amount of general obligation bonds which the State proposes to issue is an amount sufficient to meet the requirements of all authorized unissued bonds and the bonds authorized by this bill.

Paragraph 7 notes that certain reimbursable general obligation bonds can be excluded, and while the amount of such excluded bonds cannot be precisely determined for each issuance, the Legislature makes the conservative estimate that 10 per cent of each issuance is excludable.

Paragraph 8 presents a display which compares the debt limit applicable at the time of each proposed bond issue with the greatest debt service amount resulting from each issue.

Paragraph 9 establishes the overall and concluding finding that the total amount of principal and interest estimated for the general obligation bonds authorized by this bill and for all bonds authorized and unissued and calculated for all bonds issued and outstanding, will not cause the debt limit to be exceeded at the time of issuance.

In making the declaration to support the authorization of bonds in this bill, your Committee has followed the cautionary guidelines expressed by the State's bond counsel who has advised:

"A court will not necessarily sustain findings of a legislative body which are merely a recitation of the requirements of a constitution or a statute. Consequently, we believe that the legislature must establish a reasonable basis for the finding that the estimated debt service . . . will not cause the debt limit to be exceeded at the time of issuance. We believe prudence requires the basis to be conservative in order to eliminate any allegation that the legislature first made the finding and worked back to assumptions which were consistent with such finding."

Your Committee believes that the declaration of findings in this bill fully follows the bond attorney's cautionary guidelines.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 1239, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1239, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Andrews.

SCRep. 711 Finance on H.B. No. 241

The purpose of this bill is to increase the amount of excise tax credit presently available to the taxpayers of this State.

Your Committee finds that the practice of tax credits was initiated by the 1965 legislature to offset the impact of the increased tax rates on low-income taxpayers by the omnibus tax bill enacted that year. The tax credit was limited to those in the income levels below \$6,300 and only 45 cents for those above.

In 1970, pressure was exerted to repeal the general excise tax on food and drugs to offer some measure of relief from the mounting cost of basic necessities. The 1970 Legislature approved passage of an additional tax credit to further offset the general excise tax on drugs and medical expenses.

The 1974 Legislature streamlined the tax credit system into a single excise tax credit and increased the range up to \$15,000 adjusted gross income.

Your Committee has again been besieged by not only the low- and fixed-income groups and the elderly, but by those in the middle income levels to exempt food and drugs from the general excise tax.

Your Committee finds that these groups are threatened by rising inflation which poses a double threat because it increases the cost of basic goods as well as the amount of excise tax that must be paid on them.

Your Committee finds that any serious tampering with the existing tax system such as exempting food and drugs from the general excise tax will be most inappropriate

since the Tax Review Commission may be offering recommendations to design a new tax structure in its report.

Your Committee therefore finds it is appropriate to provide financial relief to all taxpayers to the extent that the sum total of credits will approximate the State's revenues from the excise tax on food and drugs.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 241, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 241, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 712 Finance on H.B. No. 769

The purpose of this bill is to establish and provide an appropriation for a committee to be known as "The 1984 Hawaii Statehood Silver Jubilee Committee" which shall have charge of all arrangements for the State's official celebration of the 25th birthday of the State of Hawaii which will occur on Tuesday, August 21, 1984.

Your Committee approves the establishment of the committee. Your Committee has amended this bill to revise Section 2, relating to the selection of committee members.

Your Committee on Finance is in accord with the intent and purposes of H.B. No. 769, H.D. 1, amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 769, H.D. 2, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 713 Finance on H.B. No. 1579

The purpose of this bill is to provide funds for a comprehensive study to determine the feasibility of establishing industrial parks for the manufacturing of food products.

This bill appropriates funds to the department of planning and economic development. The department of land and natural resources, the department of transportation, and the college of tropical agriculture and human resources of the University of Hawaii are directed to lend technical assistance to this study.

Your Committee has amended this bill to appropriate \$50,000 for the purposes of the study.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 1579, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1579, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 714 Finance on H.B. No. 10

The purpose of this bill is to make an appropriation for purposes related to the Future Farmers of America (FFA) Program, the sum of which is to be expended by the Department of Education.

Your Committee has received testimony in favor of H.B. No. 10, H.D. 1, from the Department of Education, Hawaii Young Farmers Association, and Hawaii Farm Bureau Federation.

Your Committee has amended this bill by appropriating \$22,000 for the fiscal year 1981-1982 only and deleting the appropriation for the 1982-83 fiscal year.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 10, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 10, H.D. 2.

Signed by all members of the Committee.

SCRep. 715 Finance on H.B. No. 630

The purpose of this bill is to provide for the addition of a third circuit court judge for the Island of Hawaii (Third Circuit).

Your Committee finds that the case load in the Third Circuit has increased to a point where the addition of a third judge is justified.

Your Committee has made technical, non-substantive amendments to this bill.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 630, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 630, H.D. 1.

Signed by all members of the Committee except Representative Andrews.

SCRep. 716 Finance on H.B. No. 767

The purpose of this bill is to authorize the establishment of a deferred compensation plan for public officers and employees of the State and counties.

Deferred compensation is basically an agreement whereby an employee authorizes his employer to defer a portion of his gross pay until retirement, at which time he would most likely be subject to a lower tax burden. The deferred moneys are invested by the State in accordance with various options permitted under the plan such as annuities, life insurance, savings accounts and mutual funds. The deferred moneys, earned interest, and appreciation accruing to these deferred funds are not taxed until the employee receives them.

Participation is strictly voluntary, and the employer makes no contribution to the plan. Deferred compensation would not affect already existing retirement, pension, or social security benefits or plans, but would provide an additional source of income to participating officers and employees when they retire.

Deferred compensation in the public sector is a relatively recent phenomenon and has become an increasingly popular "non-cost" fringe benefit offered to public employees.

Your Committee wishes to emphasize that the plan shall bear all implementation and administrative costs. The bill provides for the start-up costs, but the plan will reimburse the State for these costs.

Your Committee has amended this bill to appropriate \$30,000 for the purposes of this bill and to make other non-substantive changes.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 767, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 767, H.D. 2.

Signed by all members of the Committee.

SCRep. 717 Finance on H.B. No. 957

The purpose of this bill is to amend the Hawaii Revised Statutes by inserting a new chapter to establish in Aquaculture and Mariculture Coordinating Committee in the Office of the Governor. In addition, this bill provides for membership for the Committee and provides the Committee with wide-ranging powers and duties to coordinate, guide, and direct aquaculture and mariculture development in the State.

Your Committee finds that the research, development, and demonstration of viable energy, aquaculture, mariculture, and ocean-related technologies is moving rapidly in the State. Prospects for private commercial investment for Ocean Thermal Energy Conversion, manganese nodules, floating and submerged sea-farming operation is a reality.

Your Committee further finds that Article XI of the Constitution of Hawaii clearly mandates the conservation, protection, and development of marine resources in the State. The proposed aquaculture and mariculture coordinating committee is viewed as a viable and effective means to enhance fulfillment of this significant constitutional mandate.

Your Committee has revised this bill to make technical, non-substantive amendments.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 957, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 957, H.D. 2.

Signed by all members of the Committee.

SCRep. 718 Finance on H.B. No. 1451

The purpose of this bill is to assist displaced homemakers through the establishment of a center to provide a multitude of activities and services for individuals who meet the eligibility criteria.

Your Committee has amended the bill to provide a grant-in-aid of \$70,000 for fiscal 1981-1982 to the University YWCA to be administered by the department of labor and industrial relations to provide the displaced homemaker program. Your Committee finds that the YWCA is already providing such a program and this grant-in-aid will assist them in that program.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 1451, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1451, H.D. 2.

Signed by all members of the Committee.

SCRep. 719 Finance on H.B. No. 1604

The purpose of this bill is to simplify the state income tax reporting provisions for contributors to political campaigns.

Under the present law, contributors to political campaigns must file an official tax deduction receipt form with their state income tax return in order to receive a deduction for their campaign contributions. The campaign contribution deduction is the only deduction which is subject to a special reporting provision.

The Campaign Spending Commission, which enforces the campaign spending laws, testified that the reporting provisions of this section should be simplified to provide an incentive for candidates to voluntarily abide by the guidelines set for campaign expenditures and to simplify the income tax reporting procedure for contributors.

This bill would permit campaign contributors to list campaign contributions as deductions on their state income tax returns without having to attach an official tax deduction receipt form, thus expediting the tax return procedures for campaign contributors.

Your Committee has amended this bill to restore the original language to the redesignated subsection (e).

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 1604, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1604, H.D. 2.

Signed by all members of the Committee.

SCRep. 720 Finance on H.B. No. 1880

The purpose of this bill is to provide the department of education statutory authority to assess and collect special fees and charges from pupils for co-curricular activities.

Under present law, the department may only assess fees and charges against students who negligently break, damage, lose, or destroy equipment and supplies. Students who break, destroy, lose or damage school books are also required to make restitution. However, the department currently lacks the statutory authority to assess special fees and charges from students for co-curricular activities such as student councils, other student organizations, and class activities. This bill provides that appropriate statutory authority.

Your Committee has amended this bill to provide that fees and charges collected for

co-curricular activities shall be deposited into insured checking or savings accounts. Your Committee has also make other non-substantive amendments to this bill.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 1880, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1880, H.D. 2.

Signed by all members of the Committee.

SCRep. 721 Finance on H.B. No. 1808

The purpose of this bill is to appropriate funds to establish a program for the study of the physical and biological features of the Hawaiian islands.

Hawaii's unique flora and fauna are of tremendous interest to scientists, and the establishment of a program for the study of Hawaii's special biological features warrants high merit. The establishment of a Center for Hawaiian Biological Research, or a similar organizational entity, could serve to coordinate the efforts of local, mainland, and foreign biologists currently working in Hawaii in this area, attract additional researchers and funds into the State, and serve as the clearinghouse for the education and training of resident biologists and for the dissemination of information within and beyond the scientific community.

This bill establishes the Center for Hawaiian Biological Research to coordinate the dissemination of information and the study of the unique physical and biological features of the Hawaiian Islands which serve as a natural laboratory for studying the dynamics of biological phenomenon.

Your Committee has amended this bill to change the appropriation to \$55,000 and to make the expending agency the research corporation of the University of Hawaii.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 1808, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1808, H.D. 2.

Signed by all members of the Committee.

SCRep. 722 Finance on H.B. No. 1053

The purpose of this bill is to provide an appropriation for the provision of hourly pay for adult education teachers.

Your Committee recognizes the need to provide educational services to the adult and community education target group of persons 18 years of age and older. The demands for adult education services have continued to grow at the rate of 5 per cent per year. An additional appropriation is needed to accommodate the anticipated growth.

Your Committee approves the sum of \$77,870 to carry out the purposes of adult education.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 1053, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 723 Finance on H.B. No. 742

The purpose of this bill is to extend coverage of the Hawaii Wage and Hour Law to nonsupervisory employees employed at guaranteed compensation of \$700 or more per month who are presently excluded from overtime protection.

Under present law an individual guaranteed a compensation of \$700 or more per month is exempt; therefore, his employer is not required to pay him overtime compensation for hours worked in excess of 40 hours in a work week.

Instead of an exemption based strictly on an arbitrary monetary amount, the bill bases exemptions on the nature of the employee's duty. Nonsupervisory workers whose duties are predominantly manual are accorded overtime pay protection.

Furthermore, the Fair Labor Standards Act, the federal government's Wage and Hour Law, does not have a monetary exemption. For some employers, this creates a costly confusion. Some employers who are on the borderline between state and federal coverage, or are covered by both, unintentionally violate the federal law believing that the state's monetary exemption applies to their employees.

Your Committee directs the revisor of statutes to conform this bill to Hawaii Revised Statutes style rules.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 742 and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 724 Finance on H.B. No. 1267

The purpose of this bill is to redefine and expand the scope of services of blind vendors in public buildings. The bill affords the blind priority in operating such facilities and prevents competition with the vending facility by limiting outside solicitation.

Your Committee agrees that the blind vending facility program is valuable in providing blind or visually handicapped persons with remunerative employment and increasing their ability to make themselves self-supporting.

This bill encourages expansion of the blind vendor program by providing that all departments or agencies of the State or its political subdivisions consider including plans for a vending facility operated by the blind in new construction or renovation of public buildings.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 1267, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 725 Judiciary on H.B. No. 1522

The purpose of this bill is to provide a faster process in which to determine whether leased or rented property should be returned to its owner, and a faster return of the property.

The bill states that upon the filing of a complaint and affidavit, sworn to by a competent affiant, stating that the property has been in the defendant's possession after termination of the lease or rental contract, the court may issue an order directing the defendant to return the property or to appear and show cause for the possession.

The order to show cause process also provides that if the leased or rented property is not returned prior to the hearing, the defendant shall produce the property, if reasonably feasible, at the hearing. If it is shown at the hearing that the plaintiff is entitled to the property, the court shall issue an order for it to be seized and delivered to the plaintiff or his agent.

Your Committee finds that under present law, there are many instances when a lease or rental contract is terminated either because of default or expiration of the contract, and the return of the leased or rented property is delayed for such a long period that the property, when returned, is no longer worth much in terms of monetary value.

Your Committee feels that the bill reduces the time between the filing of the complaint and the ultimate return of the property, and remedies the present problem.

Your Committee has amended the bill by deleting the section which gives the chief of police and police officers the authority to seize the property ordered by the court. Your Committee does not feel that the seizure of property under these circumstances should be a function of the police department.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 1522, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1522, H. D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Kawakami.

SCRep. 726 Judiciary on H.B. No. 194

The purpose of this bill is to amend the laws relating to driving under the influence of intoxicating liquor to provide for revocation of a person's drivers license for one year, for refusal to submit to a blood or breath test.

Your Committee has amended the bill substantially by amending Section 291-4, Hawaii Revised Statutes relating to driving under the influence of intoxicating liquor to include drugs as well. Your Committee believes that the present laws relating to driving under the influence of intoxicating liquor and drugs do not provide enough of a deterrent to persons who have been convicted of these offenses.

This bill as amended will provide penalties based on the number of convictions an offender has received for driving under the influence of intoxicating liquor or drugs within a two year period. The severity of the penalty increases with each subsequent conviction.

On conviction of the first offense, the offender would be sentenced to mandatory attendance at an appropriate driver education training program and fined not more than \$1,000. On conviction of the second offense, the offender shall be fined not less than \$100 nor more than \$1,000 and have his license suspended for a mandatory period of thirty days, and the court may require the violator to participate in a drug or a alcohol treatment program. On conviction of the third and subsequent offenses, the offender's drivers license shall be revoked, and fined not less than \$250 and not more than \$1,000.

The bill has also been amended to provide that a person commits the offense of driving under the influence of drugs where the person operates any vehicle under the influence of any drug to a degree that substantially impairs that person's current standard for finding that a person is driving under the influence of drugs requires that the person is "incapable of driving a vehicle in a prudent and careful manner." This standard has been shown to be difficult to prove and hampers effective law enforcement.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 194, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 194, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Medeiros.

SCRep. 727 Judiciary on H.B. No. 293

The purpose of this bill as received by your Committee, is to restrict and control the acquisition and possession of firearms. More specifically, this bill would require detailed information on each firearm to be submitted by individuals bringing firearms into the state. The bill would also require permits to acquire any firearm including rifles and shotguns, which are currently exempt from the permit requirements. The bill further provides that ownership and possession of any firearm by a fugitive from justice, any person indicted or convicted of any crime of violence, under treatment for addiction to drugs or intoxicating liquor, admitted or detained at a psychiatric facility, or acquitted of a crime on the grounds of mental disease, disorder or defect, shall be prohibited.

Your Committee heard extensive testimony from various law enforcement agencies and community organizations, and has made numerous changes to the bill to incorporate the suggestions made during the public hearing.

The bill has been amended in the following manner:

1. Removing the requirement that the firearm be imprinted with a serial number by the police department when the firearm has none.
2. Changing the definitions of "pistol" or "revolver" to include all firearms with a barrel of sixteen inches or less.
3. Removing the requirement that no permit may be issued to a person who appears mentally deranged or without the mental capacity to safely possess or operate a firearm.
4. Requiring additional information on the application for address, sex, height, weight, birth date, and social security number of the applicant.

5. Providing for a period of ten days to elapse after application for a permit is filed before a permit to purchase may be issued.
6. Providing for issuance of permits to minors for the purpose of hunting to be valid for one year.
7. Providing for a method for disposal of any firearm by persons disqualified from ownership and possession, and setting forth the penalty for violations.
8. Removing mandatory term of imprisonment for violations of the license to carry a firearm.

Your Committee believes that a more stringent registration and licensing procedure is necessary to help the police stem the rising rate of violent crimes involving the use of firearms. The bill as amended also addresses the need to prevent the purchase of firearms by persons under treatment for addiction to drugs or liquor and those admitted or detained at a psychiatric facility, as well as persons indicted or convicted of a felony or other crimes of violence. A person is disqualified from ownership of a firearm due to a mental disease, disorder or defect, ownership and possession shall be denied until documented medical evidence that the person has been cured is presented.

As amended the major provisions of the bill are as follows:

- (1) Permits shall be required to acquire any type of firearm including rifles and shotguns. Permits for rifles and shotguns shall be valid for one year from the date of issuance. Permits to acquire pistols and revolvers require a separate application for each acquisition.
- (2) No permit shall be issued until ten calendar days have elapsed and each application shall include pertinent information including fingerprints and photographs.
- (3) All pistols and revolvers must be registered with the Police within five days of acquisition.
- (4) Loans of any firearms to adults shall not exceed a period of seventy-five days.
- (5) No firearm may be loaned to a fugitive from justice, or person under indictment for or convicted of a felony or crime of violence.

The requirement for registering of a pistol or revolver has been removed from section 134-3, which deals with permits to acquire, and has been placed in section 134-2, which is more appropriate, as it pertains to mandatory registration.

Technical, nonsubstantive amendments to this bill have also been made.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 293, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 293, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Dods.

SCRep. 728 Judiciary on H.B. No. 1428

The purpose of this bill is to provide for prejudgment interest at the rate of twelve per cent from date of accrual of the cause of action to the date of satisfaction of the judgment.

Your Committee finds that under present law, interest may be recovered upon the judgment amount at the rate of eight per cent a year. There is case law to support the proposition that prejudgment interest may be obtained in an action for the recovery of a debt. Lucus v. Liggett & Meyers Tobacco Company, 51 Hawaii 346 (1969). However, your Committee finds that there is some ambiguity as to whether prejudgment interest is permitted whenever a monetary judgment is recovered upon a cause of action not founded upon the recovery of a debt, but upon damage to persons or property, including a medical tort, or any other cause of action leading to a monetary judgment.

Your Committee believes there is no valid reason why the recovering party should

not obtain interest upon the judgment from the date of accrual of the cause of action to the date of satisfaction of judgment, since the recovering party must forego the use of the money, which is justly due to him, until the date of satisfaction of the judgment. The underlying concept for providing of interest is not punitive, but compensatory in nature.

Your Committee further finds that an adjustment in the interest rate to ten per cent is warranted at this time because of the current economic condition. The low rate of interest allowed on judgments presently serves as an incentive to delay payment of judgments or settlements because it serves as a low interest loan to the party who is obligated to pay the judgment.

Your Committee has further amended the bill to provide that in an action to recover a debt founded upon an agreement, obligation, or contractual liability, such as a promissory note, the interest shall continue to accrue at the agreed upon rate of interest rather than at the statutory rate.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 1428, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1428, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 729 Judiciary on H.B. No. 1838

The purpose of this bill is to amend Section 804-17, Hawaii Revised Statutes, (Bail) to require that a person who has been granted bail or release on their own recognizance appear promptly at the time they are bound to appear.

Under the present law, the court permits a defendant released on bail or his own recognizance to appear before adjournment of the court, before a default is entered against him. In *State v. Taylor*, 56 Hawaii 203 (1977), the Hawaii Supreme Court, in interpreting Section 804-17, Hawaii Revised Statutes, held that a trial court could not order forfeiture of bail as long as the defendant appeared before adjournment of the court. This has enabled defendants to appear in court long after he was scheduled to appear but before adjournment of the court without fear of bail forfeiture.

Your Committee finds that the law as presently written contributes to costs in the form of added witnesses as well as inefficiency and wasted time of the courts, the prosecutors, and witnesses. It also results in additional contempt of the judicial system.

Your Committee is convinced that the enactment of this bill will result in greater efficiency of the courts, reduced cost, and less contemptuous conduct on the part of errant defendants.

The bill has been amended to make some technical changes.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 1838, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1838, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 730 Finance on H.B. No. 1871

The purpose of this bill is to provide exclusive representatives of certain public employees bargaining units with another option to negotiate a model conversion plan. Act 253, Session Laws of Hawaii 1980, granted exclusive representatives the option to negotiate a model conversion plan regarding a reduction in the number of steps within the salary ranges under Chapter 77, Hawaii Revised Statutes. This option, however, expired on January 1, 1981.

Your Committee finds that of the nine bargaining units with positions covered under Chapter 77, HRS, bargaining units one, two, and nine have successfully negotiated model conversion plans before January 1, 1981. There are six remaining white-collar bargaining units without a model conversion plan. Exclusive representatives of these units have expressed a desire to have another option to negotiate a model conversion plan.

Your Committee agrees that the exclusive representatives of bargaining units should be granted another option to negotiate a model conversion plan in accordance with the provision of this bill which allows for the redesignation of salary ranges in the publication of pay schedules and the exclusion of salary ranges which are not being used from respective pay schedules. The bill also clarifies that negotiations on model conversion plans shall be without resort to any impasse procedure. It also specified that mutually agreed upon conversion plans shall remain in effect to serve as the bases for all subsequent wage negotiations.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 1871 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representative Andrews.

SCRep. 731 Finance on H.B. No. 920

The purpose of this bill is to give authority to all public employers, State and County, to advance the amount of their employee-beneficiaries' contributions to the Public Employees Health Fund on or before the first day of each month.

Until recently, the board of trustees advanced premium payments for both State and county employees using State appropriations. However, a State attorney general advisory indicated that such advances were without specific legislative authority.

Your Committee is in agreement that the amendment proposed by this bill will provide the legal basis and authority by which counties can advance premium payments. Both the State and counties will then be paying these funds uniformly.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 920 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representative Andrews.

SCRep. 732 Finance on H.B. No. 925

The primary purpose of this bill is to expand the scope of the Kula Hospital modernization and renovation project to also include the addition of a new building for the ICF/MR (intermediate care facility/mental retardation) by amending section 120, item E.12-A of Act 214, Session Laws of Hawaii 1979, as added by section 7 of Act 300, Session Laws of Hawaii 1980.

Under the above cited Acts, the scope of the Kula Hospital project is limited only to the modernization and renovation of the facility to correct code deficiencies. However, provisions for continued Medicaid certification of the facility by the federal Title XIX agency (the U.S. Department of Health and Human Services) stipulate that a new ICF/MR building must also be built in conjunction with the modernization project. According to the Department of Accounting and General Services, no additional funding would be required.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 925 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representative Andrews.

SCRep. 733 Finance on H.B. No. 1874

The purpose of this bill is to create a new public body corporate to develop the Aloha Tower complex.

Your Committee believes that the complex will strengthen the international trade base of the State, enhance the beautification of the waterfront, better serve maritime users and provide public access and use of waterfront property. Properly developed, complex will also serve as a stimulus to downtown business.

Planning for the redevelopment project has been under way since 1973, and it will be a joint venture of public and private interests. The development corporation will finance the public share through the sale of revenue bonds and the contemplated office and hotel buildings will be financed by private enterprise. The estimated costs of

the redeveloped complex are \$33,260,000 for the public sector and \$80,000,000 for the privately-financed portions.

Your Committee has amended this bill to make technical, non-substantive corrections.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 1874, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1874, H.D. 2.

Signed by all members of the Committee.

SCRep. 734 Finance on H.B. No. 66 (Majority)

The purpose of this bill is to make an appropriation to the Office of Hawaiian Affairs to pay its administrative expenses.

Your Committee approves the appropriation of \$410,466 to the Office of Hawaiian Affairs which includes \$5,000 for protocol purposes. The appropriation includes the funding of up to 32 staff positions.

This appropriation is approved by the Office of Hawaiian Affairs. Your Committee agrees with the administrator of the office that the office shall match the appropriation on a one-to-one basis. The office anticipates that \$410,666 will be derived from public land trust proceeds.

This bill has been revised by your Committee to make technical, non-substantive changes.

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 except Representative Andrews.
(Representative Kobayashi did not concur.)

SCRep. 735 Finance on H.B. No. 1571 (Majority)

The purpose of this bill is to make an appropriation for the continuation of the "Pierre the Pelican" Project.

"Pierre the Pelican" Project is the mailing of a monthly newsletter designed to give first-time parents information on their child's social and behavioral development, while supporting the parents' emotional needs and expectations. Pierre the Pelican newsletters are mailed free by the Children's Mental Health Services Branch to over 6,000 new parents in Hawaii each year. The project began in October, 1978, through temporary funds from local trusts and foundations and from an appropriation by the 1978 Legislature.

The pilot project was so well-received by the parents that Pierre the Pelican is now an ongoing project of the Children's Mental Health Services Branch. First-time parents are enrolled through the birth registry of the Department of Health. Currently, in any one year, the project serves over 16,000 sets of parents. According to an evaluation survey, 94.5 percent of the respondents indicated that they wished to continue receiving the newsletter. Although your Committee agrees that the kind of service provided by the "Pierre the Pelican" Project is meritorious, other publications may be able to provide the same kind of service. Accordingly, it is your Committee's intent that similar publications, if available, shall be considered by the Department of Health on a competitive basis for substitution of "Pierre the Pelican" in succeeding years.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 1571, H.D. 1, as amended herein, and recommend that it pass Third Reading in the form attached hereto as H.B. No. 1571, H.D. 2.

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

SCRep. 736 Finance on H.B. No. 1158

The purpose of this bill is to allow the Employees' Retirement System to increase the first mortgage loan-to-value ratio from the present 75 per cent to 90 per cent.

Also, the bill provides the obligation to be insured or guaranteed against default or loss under a mortgage insurance policy issued by a casualty insured company licensed to do business in the State. The insurance has to cover no more than 75 per cent of the value, and shall remain in effect until the obligation is reduced to 75 per cent of the value, subject to cancellation by the Board.

With the continuing rise in Hawaii real estate prices and double-digit interest rates, it has become increasingly difficult for persons to purchase a home. The present loan-to-value restrictions and corresponding high down payment requirements prevent many young, first-time home buyers from participating in the Retirement System program. The proposed loan ratio increase of 90 per cent would help alleviate this problem. With people qualifying at a higher value, the mortgage payments may be higher. However, the system's underwriting standards would prevent people from participating in the program if it is determined that they can't meet the mortgage payments, and thus foreclose.

Your Committee has amended this bill to clarify intent by substituting the word "market" for "original" on page 3, line 9 and page 5, line 3. Your Committee has amended this bill to make technical, nonsubstantive amendments.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 1158, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1158, H.D. 1.

Signed by all members of the Committee.

SCRep. 737 Finance on H.B. No. 923

The purpose of this bill is to amend the Hawaiian Homes Commission Act in order to enable the Department of Hawaiian Home Lands (DHHL) to effectively administer the Native Hawaiian Rehabilitation Fund which was constitutionally established through a 1978 amendment to the State Constitution. (See Article XII, Sections 1 and 3, and the Hawaiian Homes Commission Act, section 213(b)(8).) The purpose of the Fund is to finance programs for the rehabilitation of native Hawaiians, including but not limited to programs to improve the educational, economic, political, social, and cultural processes which affect the lives of native Hawaiians.

This bill amends sections 213 and 225 of the Hawaiian Homes Commission Act. In the main, the amendments will:

- (1) Authorize DHHL to adopt necessary rules to administer the Native Hawaiian Rehabilitation Fund and programs financed by the Fund;
- (2) Allow DHHL to administer the Rehabilitation Fund and the related rehabilitation programs separate and apart from the requirements and guidelines contained in other sections of the Act which apply to loans and loan funds, and which requirements would not be particularly appropriate for the kind of loans which might be made under the Rehabilitation Fund; and
- (3) Require the crediting and depositing of any interest and earnings derived from the Rehabilitation Fund back into the Fund so that the intent or purpose of the Fund can be furthered.

Your Committee has amended this bill to correct typographical and other drafting errors.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 923, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. 923, H.D. 1.

Signed by all members of the Committee except Representative Andrews.

SCRep. 738 Finance on H.B. No. 822

The purpose of this bill is to amend HRS section 171-20 to reduce the time period for the State to take action because of failure by any lessee of state lands to make timely payments on their lease agreements. A further purpose of the bill is to recognize the special benefit that is conferred upon a recipient of a lease for state land by inserting the word "privilege" into appropriate portions of section 171-21, Hawaii Revised Statutes.

Under the existing laws, the State must give sixty days written notice to a party upon the default of any term, covenant, restriction, or condition of any lease, patent, license, agreement, or other instrument. The slowness under present procedure in identifying delinquent accounts has allowed delinquencies to continue for nearly four months before termination proceedings are initiated. The effect of this bill is to allow the State to take action because of the failure of a lessee of state lands to make timely payments on a lease agreement in less than sixty days after receipt of a written notice of such a failure by the lessee.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 822 and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 739 Finance on H.B. No. 1007

The purpose of this bill is to subject all claims for legislative relief to full review by the attorney general.

Your Committee finds that the present procedure under which claims for legislative relief are submitted to the legislature for consideration does not include a full and complete review of each claim. Instead, the department of budget and finance acts as a mere clearinghouse in processing claims submitted to the legislature. This bill proposes to improve the claims procedure by requiring the attorney general to make a review of each claim and to make a recommendation as to the disposition of each claim.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 1007 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 740 Finance on H.B. No. 1167

The purpose of the bill is to establish a venture capital information center to carry out an invention development program.

This bill recognizes the need for supporting the development of inventions and new products and to assist and provide guidance for innovators and inventors. The center established by this bill should serve to bring together investors with venture capital and developers of new products.

Your Committee has amended this bill to provide \$25,000 for the purposes of the venture capital information center. Other technical, non-substantive changes have also been made by your Committee.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 1167, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1167, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 741 Finance on H.B. No. 797

The purpose of this bill is to adopt the zero-bracket method of computing itemized deductions.

In reviewing this bill your Committee again notes the concerns of House Concurrent Resolution No. 149, Regular Session of 1979, which indicated that Hawaii taxpayers are confused by the difference in computing the standard deduction under present Hawaii law and the method used under the federal income tax law. The federal law provides that the zero-bracket amount which is specified in the law is subtracted from adjusted gross income; and, if the taxpayer's itemized deductions exceed the zero-bracket amount, such itemized deductions are first to be reduced by the zero-bracket amount before such deductions are subtracted from adjusted gross income. The present Hawaii law uses the method first adopted in 1957 and never changed to allow a standard deduction of ten per cent or \$1,000, whichever is less. If a taxpayer's itemized deductions exceed the standard deduction, the total amount of such deductions are deducted from adjusted

gross income without reduction. Due to the difference in computing the standard deduction between Hawaii and the federal, our taxpayers are in some instances using the federal method of computing their deductions and are therefore paying more than they would otherwise be required to pay.

Your Committee notes the study entitled "A Study of the Feasibility of Adopting the Federal Method of Computing the Standard Deduction through Zero Bracket Amount" submitted to the legislature in 1980 by the department of taxation pursuant to House Concurrent Resolution No. 149. Your Committee notes the finding therein concerning the confusion of Hawaii's taxpayers and the finding that it is feasible to adopt the federal method of computing the standard deduction through the use of reduced zero-bracket amounts as contained in this bill, as amended. The department noted in that report there would be a revenue loss of \$412,000 if these amounts had been used in 1977. Your Committee notes that due to inflation since 1977, the figures used in the bill are out-of-date and requested the department to submit up-to-date figures.

Such figures have been submitted and the tax loss represented thereby is minimal. Your Committee has amended the bill to insert these figures and made other technical amendments to the bill.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 797, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 797, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 742 Finance on H.B. No. 370

The purpose of this bill, as received by your Committee, is to appropriate funds for the establishment of a program to assist applicants for licensure as nurses in their preparation for the licensing examination under Chapter 457, Hawaii Revised Statutes.

Your Committee has received testimony indicating that Hawaii is currently experiencing a shortage of qualified nurses, and that the situation would be alleviated if a program existed which would provide assistance to nursing applicants who are preparing for the State's licensing examination.

Your Committee is cognizant of the dearth of qualified nurses in the State, and concurs that the need for competent nurses with updated skills would be of great benefit to the State.

Your Committee has amended this bill by changing the appropriation sum from \$100,000 to \$1.00.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 370, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 370, H.D. 2.

Signed by all members of the Committee except Representatives Nakasato and Narvaes.

SCRep. 743 Finance on H.B. No. 641

The purpose of this bill is to make amendments to the Housing Loan and Mortgage Program under HRS chapter 356, in order that the rental housing revenue bond program thereby created may be implemented.

The 1980 Legislature authorized \$122.5 million in revenue bonds for interim and permanent financing of rental projects which are to be occupied by persons of low and moderate incomes. However, soaring construction, financing and land costs, the unavailability of federal subsidies, as well as recent changes in the federal mortgage revenue bond law, have prevented the implementation of this much-needed program.

This bill creates a new part to HRS chapter 356, establishing a rental assistance program which would be funded by federal subsidies, private grants or contributions, or by appropriations. These funds are to be deposited into the rental assistance fund, created by this bill, allowing the accumulated earnings from this fund to be used to make rental assistance payments to owners of eligible projects. The principal amount

appropriated under this bill is intended to be preserved and the rate of return on this fund's investment is to be maximized. Furthermore, the Hawaii Housing Authority is prohibited from making rental assistance payments in excess of the amount of earnings accumulated in the rental assistance fund.

To ensure that the rental units are maintained for low and moderate income families and individuals and to preserve the public purpose intent of this legislation, the bill contains requirements to prescribe certain regulatory provisions. These regulatory provisions require that the "eligible project" be financed under the Hula Mae multi-family revenue bond laws; have not less than twenty per cent of the dwelling units maintained for low and moderate income families and individuals; and be subject to a "regulatory agreement" which would regulate rents, charges, profits, return on owner's equity, development costs, and methods of operation.

The reservation of twenty per cent of all units financed by multi-family revenue bonds for low and moderate income families is a requirement of the recently enacted federal Mortgage Subsidy Bond Act. The Act basically mandates that these units be for families and individuals whose incomes would qualify them for the federal Section 8 rental assistance payment (currently those whose incomes are less than eighty per cent of the median income of the State).

The "regulatory agreement" and rental assistance contract, necessary elements of the program, will be a "contract" binding the Authority and the owner to certain rent levels, rental assistance payment amounts, charges, profits, return on owner's equity, development costs, and methods of operation.

The definition of "eligible project loan" has been amended to include uninsured as well as privately insured and federally insured or guaranteed loans. Future changes in federal laws could prevent federally insured or guaranteed projects from qualifying under revenue bond programs. Since it is uncertain that federal programs will continue in their present form this amendment is necessary to give the Authority flexibility in financing both insured and uninsured projects. Most state housing agencies today finance a combination of federally insured and uninsured projects without impairment of the State's revenue bond ratings.

Various sections of the Hula Mae multi-family program have been amended to make certain technical amendments and to broaden the applicability of the Hula Mae loans to lenders and mortgage purchase programs to ensure program integration.

Your Committee recognizes that there is a need for rental housing in the State and that the development of housing projects significantly impacts the surrounding community and its people. Your Committee believes it is important to be sensitive to the people who may be affected by the development of rental projects; therefore, the Hawaii Housing Authority is urged to continue to inform the residents of potential rental housing developments within the community.

Upon further consideration, your Committee recommends the following amendments to H.B. 641, H. D. 1:

1. Amend the definition of "eligible project" to require that units not reserved for "eligible tenants" be maintained for persons and families whose incomes are within the income limits established for the Hula Mae single-family program. This additional requirement must be satisfied in order for a rental housing project to qualify as an "eligible project" and will ensure that these units are rented to persons of moderate, or lower, income thus preserving the public purpose intent of the program.
2. Delete Section 2 which appropriates \$12,000,000 to the rental assistance fund and amend subsection (b) of HRS section 356-302 to allow the use of federal subsidies or grants, private grants or contributions, or appropriations to be paid into the rental assistance fund.
3. Amend HRS section 356-304 to require that all amounts recovered pursuant to HRS section 356-304(f) shall be applied to the Authority's rental assistance payments.
4. Amend HRS section 356-304 by adding a new subsection (f) which will allow the Authority to recover the rental assistance payments made to a project and to share in the appreciation of the project at the time of refinancing or prepayment of the project. The amendment also sets forth the manner in which the recovery is calculated.
5. Amend HRS section 356-308 by adding a new subsection (d) to allow the Authority to recover any deferred lease rentals on an eligible project.

6. Amend HRS section 356-308 by adding a new subsection (e) to allow all tenants in an eligible project to have the first option to purchase their units in the event the units are converted to ownership units.

7. Numerous nonsubstantive, technical amendments.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 641, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 641, H.D. 2.

Signed by all members of the Committee.

SCRep. 744 Finance on H.B. No. 785

The purpose of this bill is to clarify the language in HRS section 346-71, General Assistance, by holding parents liable for support of their minor children and each other whether or not the parents are married to each other.

This proposal is consistent with the federal program of Aid to Families with Dependent Children (AFDC). In AFDC, if natural parents, whether married to each other or not, are living with their natural children, the Department enforces support liability on both parents.

This bill clarifies the current general assistance law which does not clearly allow the Department to include both parents as applicants in behalf of their children and fully consider the income and resources of both parents living in the same household.

Your Committee has amended this bill to correct minor drafting errors.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 785 as amended herein and recommends that it pass Third Reading in the form attached hereto as H.B. No. 785, H.D. 1.

Signed by all members of the Committee.

SCRep. 745 Finance on H.B. No. 779

The purpose of this bill is to authorize the Department of Regulatory Agencies to establish and control registration, renewal and late renewal fees for any regulatory program placed within its jurisdiction.

Four regulatory programs (time sharing, travel agencies and sales representatives, solar energy devices, and collection agencies) which were placed last year under the Department of Regulatory Agencies have no provision for fees to offset the cost of administration. This bill extends to the Department the authority necessary to recover such cost.

Your Committee agrees with the intent of the bill to provide for the establishment of fees for regulatory programs. Your Committee also agrees that an administrative fee-setting procedure under chapter 91, Hawaii Revised Statutes, is the most efficient manner of establishing proper fees.

Your Committee has amended this bill making minor technical changes to correct drafting errors.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 779 as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 779, H.D. 1.

Signed by all members of the Committee.

SCRep. 746 Finance on H.B. No. 114

The purpose of this bill is to provide funds to compensate victims, dependents, attorneys and others for medical services as the result of criminal acts.

The sum of \$598,535.24 is approved by your Committee to be appropriated out of the general revenues of the State to cover the payments of claims approved by the criminal injuries compensation commission in 1980. Your Committee finds that these claims

are in order.

Your Committee finds that the additional appropriation of \$500,000 requested by the commission to cover other payments which may be authorized by the commission does not meet state budgetary procedure and your Committee has amended this bill by deleting the provisions relating to the \$500,000 appropriation. The sections of the bill are accordingly renumbered in the redraft of this bill. Other minor drafting corrections are also made to this bill.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 114, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 114, H.D. 1.

Signed by all members of the Committee.

SCRep. 747 Finance on H.B. No. 824 (Majority)

The purpose of this bill, as introduced, was to improve and clarify several provisions with respect to financial aid and state scholarships units for the University of Hawaii. Your Committee has amended the purpose of this bill to include provisions to expand and facilitate the appointive and removal powers of the Board of Regents.

Existing law provides that tuition waivers and reductions are limited to a specific number of students per year. This bill would change the formula to five per cent of the total fulltime enrollment of the previous fall semester for each campus in the system.

The existing law also provides for two types of scholarships, eighty-five per cent of which are called Hawaii state scholarships based on financial need, and fifteen per cent of which are called Hawaii merit scholarships, based on other qualifications. This bill would eliminate the Hawaii merit scholarships, and provide that all scholarships be denominated Hawaii state scholarships, to be awarded solely on financial need.

This bill would reduce the residency requirement for scholarship applicants from five consecutive years immediately preceding an application to twelve months. If the student is a minor, the residency of the parents or guardians applies.

This bill also clarifies and simplifies the existing formula by which the total units of state financial aid are distributed.

Your Committee has amended this bill to further provide that the board of regents of the University of Hawaii monitor and evaluate the performance of the university president, and that they prepare and submit an annual written evaluation report to the governor and the legislature.

Your Committee is greatly concerned by the findings of the legislative auditor's report entitled "Management Audit of the University of Hawaii." The auditor's most salient points centered on the apparent lack of firm policies and practices established by the university.

In the past two decades, the legislature has on several occasions attempted, without success, to persuade the board of regents and the University of Hawaii administration to rectify these management deficiencies. All past reasonable efforts netted only minimal results.

Your Committee therefore now feels it necessary for the legislature to undertake more positive steps to assure that the university will formulate adequate policies and procedures to effectuate a sound planning and personnel management system.

In this regard, this bill as amended would expand the powers of the board of regents to actively oversee the performance of the university president, so that the board may more fully employ its current appointive and removal powers.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 824, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 824, H.D. 1.

Signed by all members of the Committee except Representative Andrews.
(Representative Fukunaga did not concur.)

SCRep. 748 Finance on H.B. No. 76

The purpose of this bill is to support fisheries development by providing for the operation of a vessel as a fuel supply and catch storage facility.

Your Committee finds that the future of Hawaii's commercial fishing industry lies in the development of the vast fishing resources in the area north of Midway, including the Northwest Hawaiian chain, as well as the Western and Central Pacific areas, through the use of long-range fishing vessels.

Testimony before your Committee by the Department of Land and Natural Resources reveals that some of the major problems in the fishery industry are the lack of a fisheries base at Midway Islands, and the great distance between albacore fishing ground to the nearest cannery (Honolulu, 1,300 miles) which contribute to the marginal economic viability of long-range fishing activities based in Honolulu. The albacore vessels would have to travel 20 days per round trip to unload their catch during the short four to five month fishing season, thereby reducing their potential average catch from 80 tons per vessel per season to about 40 tons.

Your Committee finds that the use of a mothership to replenish fuel and supplies, and to provide necessary and adequate refrigeration storage facilities may present a viable alternative for the fishery industry. Your Committee further finds that the United States Navy has a surplus yard tanker and a (LSD-27) U.S.S. Wetstone which appears to be an appropriate vessel to demonstrate the feasibility of the mothership concept and to be used for dry dock.

Your Committee has amended this bill to include an appropriation of \$1.00.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 76, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 76, H.D. 2.

Signed by all members of the Committee.

SCRep. 749 Finance on H.B. No. 956

The purpose of this bill is to provide medical, social service, and law enforcement professions with the legal authority to pursue investigation of reports dealing with abuse or neglect of the elderly.

Current statutes do not provide these individuals and the appropriate government agencies with the legal mandate to investigate elderly abuse or neglect. Many of the victims are unable to adequately protect themselves from the perpetrators of these offenses, and unless these offenses are demonstrated in the public view, protective agencies are powerless to intervene.

Both the elderly and the abuser are considered to be adults and protected under the Bill of Rights and the Constitution. In the incidences where the abuser is a family member who has obtained guardianship of the elderly individual, the guardian would have the right to deny protective intervention from the police or social worker.

Your Committee is in agreement that protective intervention and services are available to the elderly abused and neglected and that appropriate action should be taken when reports of elderly abuse and neglect are obtained. This bill will provide mandated authority to the proper individuals in pursuing this matter.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 956, H.D. 1 and recommend that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 750 Consumer Protection and Commerce on H.B. No. 171 (Majority)

The purpose of this bill is to remove the 18 percent interest limit currently imposed by Section 478-11, Hawaii Revised Statutes, chargeable by an issuer of credit cards.

Under present law, the maximum interest rate chargeable on credit card accounts is 18 percent per annum. This bill would delete this limit and effectively raise that limit to 21 percent per annum.

Your Committee heard extensive testimony that because of the high cost of obtaining money, credit card operations in the State are at best marginal in profit and in some cases have become loss leaders, retained only for advertising purposes. Your Committee also notes that because of present payment procedures, actual overall yield on credit card operations is approximately three percent lower than the stated interest rate.

Your Committee feels that because of the conveniences to consumers provided by the use of credit card services, a reasonable interest rate should be allowed. Your Committee has therefore amended the bill to provide that the interest rate be raised from 18 percent to 21 percent. This rate shall continue to be effective until June 30, 1985, after which time the rate shall return to 18 percent per annum.

Your Committee has also made technical amendments.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 171, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 171, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.
(Representatives Baker and Kawakami did not concur.)

SCRep. 751 Finance on H.B. No. 1

The purpose of this bill is to provide appropriations for the fiscal biennium, 1981 to 1983.

In deliberating on this bill and other bills which affect state finances, your Committee was faced with a number of major policy issues which are the result of the constitutional amendments approved in the 1978 general election. It would be instructive to summarize these major policy issues so that the resource allocation decisions made in this bill can be placed in their proper perspective. These policy issues are included in Part I of this committee report. Part II is an overview of major items in the budget.

I. Major Policy Issues

General Fund Expenditure Ceiling

The 1980 legislature established a general fund expenditure ceiling in accordance with Article VII, Section 9, of the State Constitution. That ceiling uses an economic indicator based on the three years' average growth in total state personal income. For the 1981-83 biennium, the average growth rate has been computed at 11.2 per cent and results in a general fund ceiling of \$1,233.7 million for FY 1981-82 and \$1,371.9 million for FY 1982-83. These ceilings must be adhered to by the legislature unless a two-thirds vote in both houses is obtained to exceed them. The approach taken by your Committee has been to keep appropriations within the expenditure ceiling imposed by law. This has resulted in the reduction or elimination of funding for various programs which, although desirable, could not be accommodated within the expenditure ceiling. However, your Committee is prepared to examine and recommend reinstatement of programs and services in the event that the expenditure ceiling is exceeded by two-thirds vote of the legislature.

Disposition of Excess Revenues

Article VII, Section 6, of the State Constitution requires that whenever a general fund balance of more than five per cent of general fund revenues exists at the close of two successive fiscal years, the legislature "in the next regular session shall provide for a tax refund or tax credit" to the taxpayers of the State. The general fund balance at the close of FY 1978-79 and FY 1979-80 exceeded five per cent of general fund revenues for their respective fiscal years. Consequently, the 1981 legislature is faced with the responsibility of complying with the requirements of Article VII, Section 6, of the State Constitution.

Much discussion has occurred as to the various methods of returning excess revenues to taxpayers and in what amounts. A direct refund has been touted as having effect almost immediately but has the disadvantage of having the refund appropriation count as a charge against the general fund expenditure ceiling. On the other hand, a tax credit would not count against the general fund expenditure ceiling but would not become effective until filing tax returns in the year after action is taken by the legislature to grant the credit. Additionally, a tax credit would reduce general fund revenues and

subsequently lower the State's available debt margin, which is computed as a percentage of the average growth in general fund revenues.

After long and careful deliberation of the options available, your Committee has opted for a tax credit of \$100 per eligible deduction for all resident taxpayers. This credit has been handled through separate legislation but its impact has been included in the overall financial plan under which the final form of this bill was developed.

Debt Limit

Prior to the 1978 Constitutional amendments, the State's debt limit was based on a formula which limited the total amount of authorized bonds to three-and-a-half times the average of general fund revenues for the three preceding fiscal years. The new debt limit, initiated by the 1978 Constitutional Convention, places a ceiling on the annual debt service--the amount required for the repayment of principal and interest on general obligation bonds issued for capital improvements. Until June 30, 1982 the debt service cannot exceed 20 per cent of the average of general fund revenues for the three preceding fiscal years. After June 30, 1982, the debt service limitation drops to 18.5 per cent and remains there.

The new debt service limitation has placed an additional burden on the legislature by requiring, after July 1, 1980, that every law authorizing the issuance of bonds must contain a declaration of findings. The declaration must find that the debt service estimated for the bonds authorized in that law, plus the debt service estimated for all bonds which have been previously authorized but have not been issued, plus the debt service for all outstanding bonds, will not cause the constitutional debt limit to be exceeded. This declaration presents a problem in that, at the time of authorization, the legislature must declare that the bonds authorized will not exceed the debt service limit when they are issued. The differences in time will make it extremely difficult to authorize bonds right up to the constitutional debt limit and still leave a sufficient "margin for error" to accommodate any significant changes in interest rates between the time of authorization and the actual issuance of the bonds. The recent and dramatic rise in interest rates and the subsequent deferral of general obligation bond sales by the state administration illustrates the potential problems associated with the new debt limitation.

It is necessary now, and in future legislative sessions, to act cautiously in the authorization of general obligation bond financing and to conserve general obligation credit. As a result, your Committee has appropriated funds for capital improvements in the first year of the biennium only. This approach will permit a declaration by the legislature, through a separate bill, that bond authorizations will definitely be within the constitutionally-mandated debt limit.

II. Budget Overview

The remainder of this report covers specific budget decisions made by your Committee as follows:

Economic Development

Funds have been provided to increase the Fishing Vessel Loan Program revolving fund. Your Committee feels that the high risk and high initial capitalization required in the fishing industry have made private lenders reluctant to provide loans to new enterprises. The financial support is in line with recommendations made by the Department of Land and Natural Resources in their Hawaii Fisheries Development Plan.

Additional funds and personnel have been granted to the Hawaii Film Office. Your Committee recognizes the emergence of the film industry as a definite boost to the State's economy. Funds to continue the promotion of Hawaii as a site for a regional headquarters of multinational firms have also been included in the budget. Your Committee feels that it is essential to increase the awareness of Hawaii's business community in business opportunities overseas and to promote and develop foreign markets for Hawaii's products, services, visitor facilities and other resources in order to expand and diversify Hawaii's economic base.

Additional funds have been provided to increase the promotion of tourism in Japan. Your Committee feels that funding has not kept up with the increasing tourism market in Japan. Your Committee has also provided funds for Hawaii '82, the largest tourism promotional program ever mounted in Hawaii, to begin in October 1981. In addition, capital improvement funds have been provided for improvements in Waikiki, the State's primary visitor destination.

Funds and personnel have been granted to the Department of Planning and Economic Development for the creation of a new Division of Energy which would incorporate functions now being carried out in the State Energy Office, the Center for Science Policy and Technology Assessment and the Director's Office. This new division's primary function will be to carry out the objectives and activities of energy development and management.

Your Committee has also provided additional funds to the Department of Planning and Economic Development for the Natural Energy Laboratory of Hawaii. Your Committee feels that, in order to develop the Natural Energy Laboratory of Hawaii as a suitable site for research, development and demonstrations of various forms of renewable energy, it is essential to develop sufficient facilities to attract major projects which will, over time, pay for these facilities.

Employment

Your Committee has included appropriations to continue the career information delivery system commonly known as "Career Kokua". Such funds will help to further improve this computerized library of occupational and educational information that functions to aid people to choose jobs and careers by providing them with current, accurate, and locally relevant occupational, educational, training, and job information.

Transportation Facilities and Services

Honolulu International Airport remains a concern due to the mix of large and small aircraft using the facilities. Your Committee recognizes the problem and funds have been made available for a general aviation airport to relieve traffic at HIA.

Your Committee also recognizes the problem of highway financing. Funds are needed in order to pay the increased operating and maintenance costs of the state highways, debt service on bonds issued for highway purposes and capital improvement projects. Your Committee has authorized expenditures for the aforementioned purposes and has put priority on the resurfacing of roads.

Environmental Protection

Pollution Control. Your Committee recognizes the potential danger posed by various forms of pollution and has provided additional funds for environmental health specialists to support planning for the State's hazardous water management program as well as for radiological monitoring and investigation.

Health

Funds have been provided in the areas of alcohol/drug abuse, family planning, health support and social rehabilitation (non-residential) to replace support formerly obtained under Title XX of the Federal Social Security Act.

Due to the recent, rapid increase of penal code patients admitted to the Hawaii State Hospital, your Committee has provided additional staff for security purposes as well as for the rehabilitative needs of these patients.

Social Problems

Funds for a new State Interagency Coordination Council on Child Abuse and Neglect have been provided. Your Committee feels there is a need to coordinate activities carried out by various agencies in the area of child abuse and neglect in order to obtain the optimum benefits from available resources.

Additional funds have also been provided to the Department of Social Services and Housing to expand the Senior Companion program to the neighbor islands. Your Committee feels that this has proven to be a cost-effective program, directed at the more needy elderly by preventing institutionalization and enabling them to remain in their homes.

Your Committee has provided additional funds and positions on all islands due to case load increases in the areas of financial assistance, Food Stamps and Medicaid. Your Committee feels that the error rates of underpayments and overpayments should be kept at a minimum to assure the maintenance of federal standards.

Your Committee is concerned about the lack of systematic plans for review and selection of grant proposals received by the Progressive Neighborhood Program, the Hawaii Office of Economic Opportunity and the Executive Office on Aging. Your Committee feels that criteria should be established to review all grant requests so that grant funds

will be made available to private agencies on a priority basis.

Lower Education

Your Committee has included funds for the continuation of the Intensive Basic Skills Program. It is the intent of your Committee that the Department of Education expand the program of remediation for students at the elementary level, and funds have been provided for this purpose.

The appropriation of special needs funds was instituted by the legislature in 1977 to enable each school to meet some of its particular needs which cannot be met under the Department of Education's allotment to the individual school. Your Committee is in agreement with the purpose of the special needs funds and has appropriated such moneys in both fiscal years of the biennium. Furthermore, it is the intent of your Committee that the determination as to how these funds are expended be made by the principal of each school with the advice of teachers and, to the extent practicable, with parents and students. The expenditure of these funds will be made according to guidelines established by the Superintendent of Education.

Your Committee has provided additional funds for the Comprehensive School Alienation Program. However, your Committee also recognizes that there are numerous individual alternative education programs, funded through the DOE budget, for which coordination by the department seems to be lacking. It is the intent of your Committee that the DOE report to the next legislature with a plan for integrating these individual programs under the Comprehensive School Alienation Program.

Funds are included to accommodate additional students whose first or home language is other than English. This program will assist students in acquiring the necessary level of language proficiency to allow them to perform satisfactorily in regular classes where English is the instruction medium.

Your Committee has provided additional capital improvement funds to eliminate the asbestos health hazards in classrooms.

Higher Education

The legislatures of the past two decades have, on numerous occasions, requested the University of Hawaii to adopt policies regarding instructional workloads and overloads; but to date have not had any satisfactory response from the university. In a final desperate effort, the 1971 legislature requested the Legislative Auditor to conduct an audit of the workload policies and practices at the university. As a result of this request, the Legislative Auditor, in his 1973 Audit of the University of Hawaii's Faculty Workload, made many recommendations to help the university correct the alleged workload deficiencies. However, almost 10 years since that audit report, the Legislative Auditor, in his 1981 Management Audit of the University of Hawaii, concludes that, "the university is no closer to developing and implementing clear, consistent, and reasonable policies on faculty workload than it was 10 to 15 years ago despite: (a) repeated calls for action in this area and (b) frequent assurances that corrective steps were being taken."

This recent audit report goes on to say that "In 1979, a House Resolution again requested a review of the 1973 audit of the university faculty workload and in response to House Resolution 37, the president testified in February 1979 that the university had a workload policy of a maximum of twelve credit hours. . . . We now have this subject under discussion in the faculty and administrative groups and request your patience to permit us to work this out in the next several months." The president assured the House Committee on Higher Education that considerable progress was being made and requested time to allow the university to review its workload policies and to report back in 1980.

However, in its report to the 1980 Legislature regarding House Resolution 37, H.D. 2, the university admitted that it had "not put in place a fully articulated policy on faculty workload, etc." The 1981 Legislative Auditor's report devotes several chapters to this subject matter, thus indicating the seriousness of the university's faculty workload deficiencies.

Your Committee has reached a point where it finds itself hopelessly trapped in the quagmire of academia. Your Committee agrees with the Legislative Auditor's recommendation that in light of the existing circumstances "the Legislature appropriate no new instructional positions for UHM until it has a teaching load policy in place," and, accordingly, has denied all requests for new permanent positions, except where there appears to be obvious acute needs to serve the students.

Past experience may prove this Committee's efforts to be an exercise in futility, but with greater firmness and new approaches, the legislature will no longer provide the university with a "carte blanche" approval of public funds until the university corrects the existing unconscionable conditions and attempts to reallocate existing positions and funds from areas where student enrollment has dwindled over the past decade.

Since the Manoa student enrollment has been on a general decline, the university must make every effort to utilize existing resources before requesting additional positions and funds from the legislature. Your Committee recognizes the difficulty and often painful task of internal reallocations; however, the legislature is equally faced with the arduous task of setting statewide fiscal priorities based on limited resources and the constraints of a publicly-mandated expenditure ceiling.

Continuing Education for Women. Your Committee has provided funds for the Continuing Education for Women program administered through the Manoa's College of Continuing Education and Community Services.

Graduate Assistant Stipends. Your Committee realizes the significant role that graduate assistants play in the delivery of a quality educational program at the University of Hawaii. Thus, your Committee has provided additional funds to help these students meet some of the inflationary increases in the cost of living.

Kapiolani Community College. Your Committee finds that the crowded, noisy, and inadequate study and parking facilities of the Pensacola Campus of Kapiolani Community College fail to provide a conducive educational environment for the students. As such, your Committee is in agreement with the University's desire to construct a new campus facility for Kapiolani Community College at the Diamond Head site.

Public Safety

Your Committee has taken steps to relieve the overcrowded conditions at the Oahu Community Correctional Center. Funds have been provided to renovate the second floor of the administration building for use as inmate housing and for a site selection study for a 500-bed, medium-security correctional facility. Additional positions and funds for operation of the new facilities have also been included in the budget.

Individual Rights

Your Committee recognizes the increased workload problem experienced by the Business Registration Division of the Department of Regulatory Agencies. Presently the division is using temporary hires to resolve the problem. Your Committee has included ten permanent positions to accommodate the increased workload.

Government-Wide Support

While your Committee has provided funds to offset the recent dramatic increase in electricity rates, it feels that State agencies should make a more concerted effort to conserve energy. Your Committee has thus reduced all departmental electricity budgets in order to encourage improved conservation practices.

Grants-in-Aid

Your Committee has provided a total of \$6.8 million in funds for grants-in-aid. Of that amount, \$4.8 million is for health care programs provided by private, nonprofit agencies, many of which formerly received funding under Title XX of the Social Security Act. It is your Committee's belief that the services formerly provided under Title XX in the areas of alcohol/drug abuse, family planning, health support and social rehabilitation (non-residential) serve a useful public purpose and deserve continued funding. Additionally, amounts have been provided in the areas of social services, culture and recreation and education.

Land Banking

Funds have been provided for a State land banking program. Your Committee finds that the purpose of this program is for the State to acquire specific lands in order to preserve prime agricultural lands, preserve scenic and historical sites, protect watersheds and water resources, provide for the development of park, recreation, and beach areas, and maintain open spaces.

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

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

Signed by all members of the Committee.

SCRep. 752 Finance on H.B. No. 1576

This bill calls for the Department of Labor and Industrial Relations (DLIR) to establish Career Resource Centers (CRC) in each of the seven school districts across the State. Additionally, the DLIR shall maintain close coordination and cooperation with the Department of Education (DOE) in establishing and maintaining the centers.

Your Committee has amended this bill to provide funds to continue operating the existing Career Resource Centers at Kaimuki and Waialua High Schools only rather than expanding the program to all seven school districts at this time. The statutory establishment of Career Resource Centers has been deleted from the bill.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 1576, as amended herein and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1576, H.D. 1.

Signed by all members of the Committee.

SCRep. 753 Finance on H.B. No. 984

The purpose of this bill is to appropriate \$8,000 for each fiscal year of the 1981-1983 biennium to provide general casualty insurance for each foster parent who operates a licensed foster boarding home.

Based on a projected annual premium rate of \$16 per home, the insurance will cover 500 foster family boarding homes. The limit of coverage is up to \$500,000 for claim and \$500,000 for aggregate claims.

Your Committee has made a non-substantive, technical amendment to the bill to clarify the appropriation of \$8,000 in each fiscal year of the 1981-83 biennium.

Your Committee is in accord with the intent and purpose of H.B. No. 984, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 984, H.D. 2.

Signed by all members of the Committee except Representative Morioka.

SCRep. 754 Finance on H.B. No. 629

The purpose of this bill is to provide for salary adjustments or increases for officials of the Judiciary whose compensation is presently fixed or limited by statute. The salary increases would be applicable to the Chief Justice and associate justices of the Supreme Court, the Chief Judge and associate judges of the Intermediate Appellate Court, the various circuit court, district court, and district family court judges, the Administrative Director of the Courts and his deputy, and the Sheriff and his first and second deputies.

Your Committee finds that the last salary adjustments or increases for officers of the Judiciary were effectuated five years ago on January 1, 1976, with the exception of the salaries for the judges of the Intermediate Appellate Court, which were set in 1979 upon the creation of the Intermediate Appellate Court. Because of frequent and regular salary adjustments, the salaries of public employees and appointed and elected county officials now exceed the salaries of higher level officers within the Judiciary.

Your Committee has set the annual salary of the Chief Justice of the Supreme Court at \$52,250. The salaries for the other high level positions within the Judiciary have been fixed, on a percentage basis, with the base being the salary of the Chief Justice. Your Committee feels that using the salary of the Chief Justice as the base results in consistent and equitable salary adjustments, taking into consideration the inflationary trend and concomitant rise in the cost of living.

Your Committee has amended this bill by correcting technical, nonsubstantive errors, and by providing a \$226,110 appropriation in each year of the next fiscal biennium to fund the salary adjustments recommended.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 629, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 629, H.D. 2.

Signed by all members of the Committee except Representative Morioka.

SCRep. 755 Finance on H.B. No. 1870

The purpose of this bill is to provide for salary adjustments or increases for those elected or appointed officers of the Executive Branch of State government whose compensation is presently fixed or limited by statute.

The last salary adjustments or increases for elected and appointed officers of the State were effectuated five years ago on January 1, 1976. Subsequently, there have been annual salary adjustments for subordinate employees as a result of collective bargaining which has culminated in salaries in excess of the limitation of 95 per cent of the salary paid to a deputy to a department. Furthermore, the salaries of elected and appointed county officials have been adjusted more frequently and regularly than have the salaries of State officers.

Your Committee has set the annual salary of the Governor at \$55,000 and established a schedule for the other appointed officers according to percentages as prescribed by law. Your Committee finds that using the salary of the Governor as the base results in consistent and equitable salary adjustments, taking into consideration the inflationary trend and concomitant rise in the cost of living. These considerations were heavily weighed with the thought of remaining within the expenditure ceiling established by the State Constitution.

Your Committee has also made technical, nonsubstantive changes to the bill.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 1870, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1870, H.D. 2.

Signed by all members of the Committee.

SCRep. 756 Finance on H.B. No. 629 (Majority)

The purpose of this bill is to provide for salary adjustments or increases for officials of the Judiciary whose compensation is presently fixed or limited by statute. The salary increases would be applicable to the Chief Justice and associate justices of the Supreme Court, the Chief Judge and associate judges of the Intermediate Appellate Court, the various circuit court, district court, and district family court judges, the Administrative Director of the Courts and his deputy, and the Sheriff and his first and second deputies.

Your Committee finds that the last salary adjustments or increases for officers of the Judiciary were effectuated five years ago on January 1, 1976, with the exception of the salaries for the judges of the Intermediate Appellate Court, which were set in 1979 upon the creation of the Intermediate Appellate Court. Because of frequent and regular salary adjustments, the salaries of public employees and appointed and elected county officials now exceed the salaries of higher level officers within the Judiciary.

Your Committee concurs with the findings of your Committees on Judiciary and Public Employment and Government Operations covering such salary adjustments as set forth in Standing Committee Report No. 371, and accordingly, your Committee concurs with the salary adjustments established in H.B. No. 629, H.D. 1.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 629, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.
(Representatives Lacy, Marumoto and Narvaes did not concur.)

SCRep. 757 Finance on H.B. No. 1870 (Majority)

The purpose of this bill is to provide for salary adjustments or increases for those elected or appointed officers of the Executive Branch of State government whose compensation is presently fixed or limited by statute. The proposed increases are based upon the

recommendations of the Governor's Committee on Executive Salaries.

Your Committee finds that the last salary adjustments or increases for elected and appointed officers of the State were effectuated five years ago on January 1, 1976. Subsequently, there have been annual salary adjustments for subordinate employees, as a result of collective bargaining, which has culminated in salaries in excess of the limitation of 95 per cent of the salary paid to a deputy of a department. Furthermore, the salaries of elected and appointed county officials have been adjusted more frequently and regularly than have the salaries of State officials.

Your Committee concurs with the findings of your Committee on Public Employment and Government Operations covering such salary adjustments as set forth in Standing Committee Report No. 357, and accordingly, your Committee concurs with the salary adjustments established in H.B. No. 1870, H.D. 1.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 1870, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.
(Representatives Lacy and Narvaes did not concur.)

SCRep. 758 Culture and the Arts on H.R. No. 317

The purpose of this resolution is to request State legislation that would create a tax incentive for authors and artists to donate their creative works to libraries and museums and to urge the Congress of the United States to restore such tax incentive.

Your Committee has amended this resolution to request that the State Foundation on Culture and the Arts and the State Department of Taxation conduct a study to determine methods for providing a tax incentive by the State Legislature and the Congress of the United States for authors and artists to donate their creative works. The study is to include an examination of appraisal methods for fair market value. The SFCA is further requested to report its findings and recommendations to the State Legislature prior to the convening of the Regular Session of 1982.

Your Committee on Culture and the Arts concurs with the intent and purpose of H.R. No. 317, as amended herein, and recommends that it be referred to the Committee on Finance, in the form attached hereto as H.R. No. 317, H.D. 1.

Signed by all members of the Committee.

SCRep. 759 Culture and the Arts on H.C.R. No. 123

The purpose of this concurrent resolution is to request State legislation that would create a tax incentive for authors and artists to donate their creative works to libraries and museums and to urge the Congress of the United States to restore such tax incentive.

Your Committee has amended this concurrent resolution to request that the State Foundation on Culture and the Arts and the State Department of Taxation conduct a study to determine methods for providing a tax incentive by the State Legislature and the Congress of the United States for authors and artists to donate their creative works. The study is to include an examination of appraisal methods for fair market value. The SFCA is further requested to report its findings and recommendations to the State Legislature prior to the convening of the Regular Session of 1982.

Your Committee on Culture and the Arts concurs with the intent and purpose of H.C.R. 123, as amended herein, and recommends that it be referred to the Committee on Finance, in the form attached hereto as H.C.R. No. 123, H.D. 1.

Signed by all members of the Committee.

SCRep. 760 Culture and the Arts on H.R. No. 274

The purpose of this resolution is to have the State Foundation on Culture and the Arts develop a long-range plan that will detail ways in which the SFCA board, advisory panels, staffing, and program orientation will incorporate history and humanities as an integral part of its program functions. The SFCA shall submit its plans to the Legislature prior to the convening of the Regular Session of 1982.

Your Committee on Culture and the Arts concurs with the intent and purpose of H.R. No. 274 and recommends that it be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 761 Housing on H.R. No. 53

The purpose of this resolution is to request the County housing agencies and the Hawaii Housing Authority to conduct a study on employee rental housing programs.

The Hawaii State Plan, State Tourism Plan and State Housing Plan cite the need to provide low- and moderate-income housing for employees of vital economic activities outside major urban centers. This study will investigate various employee housing efforts that have already been made as well as the feasibility of providing additional employee housing in each County of the State.

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

Signed by all members of the Committee.

SCRep. 762 Housing and Consumer Protection and Commerce on H.R. No. 144

The purpose of this resolution is to request the Real Estate Commission to report on the status of Act 189, Session Laws of Hawaii, 1980.

The 1980 Legislature passed Act 189 to provide prospective owner-occupants an opportunity to purchase new condominium units before prices are increased many times by speculative sales and resales. Your Committees now desire information on the implementation of Act 189 by the Real Estate Commission and any problems which may have arisen in the implementation process.

Your Committees on Housing and Consumer Protection and Commerce concur with the intent and purpose of H.R. No. 144 and recommend that it be referred to the Committee on Finance.

Signed by all members of the Committees.

SCRep. 763 Water, Land Use, Development and Hawaiian Affairs on H.C.R. No. 178

The purpose of this resolution is to request the President of the United States of America to appoint the nine members of the Native Hawaiian Study Commission and to call their first meeting by March 22, 1981.

Your Committee is in full support of this concurrent resolution in that the Native Hawaiian Study Commission was created by the Congress of the United States to conduct an objective review of the current status of native Hawaiians, their culture, needs, and their concerns.

Congressional action, P.L. 96-565, requires the appointment of nine members, not more than three of whom residents of Hawaii, by the President of the United States of America and also requires the first meeting of the Commission by March 22, 1981.

Your Committee on Water, Land Use Development, and Hawaiian Affairs concurs with the intent and purpose of H.C.R. 178 and recommends its adoption.

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

SCRep. 764 Water, Land Use, Development and Hawaiian Affairs on H.R. No. 425

The purpose of this resolution is to request the President of the United States of America to appoint the nine members of the Native Hawaiian Study Commission and to call their first meeting by March 22, 1981.

Your Committee is in full support of this resolution in that the Native Hawaiian Study

Commission was created by the Congress of the United States to conduct an objective review of the current status of native Hawaiians, their culture, needs, and their concerns.

Congressional action, P.L. 96-565, requires the appointment of nine members, not more than three of whom residents of Hawaii, by the President of the United States of America and also requires the first meeting of the Commission by March 22, 1981.

Your Committee on Water, Land Use Development, and Hawaiian Affairs concurs with the intent and purpose of H.R. No. 425 and recommends its adoption.

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

SCRep. 765 Education on H.C.R. No. 36

The purpose of this concurrent resolution is to request that an audit of in-service training programs of the Department of Education be carried out by the Office of the Legislative Auditor. Such an audit shall include, but not be limited to: 1) whether such programs have adequate cost-benefit relationship in terms of better educated students; 2) whether such programs duplicate teacher certification training requirements and if they result in double salary payments as a result of the training; 3) whether such programs fulfill their purpose; 4) what incentives, if any, are offered to teachers to participate; 5) whether the Department of Education is obligated to provide for such programs and funding source(s) of same; 6) the effect of program termination and whether training should only be available through the University of Hawaii or private agencies; and 7) the future projected cost and need for in-service training programs for public school teachers.

Your Committee recognizes the concern of lawmakers, parents, students and the general public for the quality of education presently offered in Hawaii's schools. The public school teachers and students need all the support and encouragement that can be raised to alleviate their concerns and strengthen their confidence for a better quality of education. To assure that the Department's commitment to the "best education through the most qualified teachers" is being pursued effectively, an audit of the Department's in-service training programs is in order at this time. Testimony was heard in favor of the measure and the Department of Education has stated that it is prepared to have its in-service training programs for teachers audited.

Your Committee on Education concurs with the intent and purpose of H.C.R. No. 36 and recommends that it be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 766 Health on H.R. No. 153

The purpose of this resolution is for the House of Representatives to recognize April as Cancer Control month in Hawaii.

Your Committee finds that increased public awareness of cancer and cancer warning signs will help the residents of the State to develop good health habits and will encourage more regular medical checkups necessary in the prevention or early detection of cancer.

Your Committee has amended this resolution to correct a non-substantive clerical error in language.

Your Committee on Health concurs with the intent and purpose of H.R. No. 153, as amended herein, and recommends its adoption in the form attached hereto as H.R. No. 153, H.D. 1.

Signed by all members of the Committee.

SCRep. 767 Housing and Water, Land Use, Development and Hawaiian Affairs on H.R. No. 349

The purpose of this resolution is to request the Hawaii Housing Authority, the State Land Use Commission and the Council on Housing and Construction Industry to conduct a study on the effect of regulatory development conditions on the price of housing.

Your Committees find that the recent trend to shift the costs of providing public facilities to private developers results in home price increases which are ultimately borne by the housing consumer. Despite developers' claims that the imposition of development conditions increases housing prices enormously, the real costs associated with park dedication ordinances, inclusionary zoning ordinances and other development approval conditions are undetermined, thus the proposed study is necessary to allow decision makers to better weigh the costs and benefits of these development conditions.

Your Committees have amended the resolution by designating the Council on Housing and Construction Industry as the lead agency in conducting the study, with the Hawaii Housing Authority and the State Land Use Commission providing assistance. Your Committees believe that the Council, composed of persons from both the public and private sectors, is best qualified to prepare this study. In addition, a new "BE IT FURTHER RESOLVED" clause has been inserted which requests that the study include "specific recommendations for legislative action to reduce or eliminate government conditions for projects providing affordable housing."

Your Committees on Housing and Water, Land Use, Development and Hawaiian Affairs concur with the intent and purpose of H.R. No. 349, as amended herein, and recommend that it be referred to the Committee on Finance in the form attached hereto as H.R. No. 349, H.D. 1.

Signed by all members of the Committees.

SCRep. 768 Housing on H.R. No. 289

The purpose of this resolution is to request the Board of Land and Natural Resources (BLNR) to conduct a study of the means by which plantation workers, independent sugar growers and other persons formerly employed or associated with sugar and pineapple plantations leasing land from the State can purchase that land.

It has been suggested that these persons be able to purchase their land directly from the BLNR without going to public auction or conducting a drawing. While the intent of allowing past and present plantation employees to purchase the land upon which they live is a valid one, further study is necessary before specific legislation is enacted.

The Chairman of the Board of Land and Natural Resources has expressed the Board's willingness to study this matter and report back to the Legislature prior to the 1982 legislative session.

Your Committee on Housing concurs with the intent and purpose of H.R. No. 289 and recommends that it be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 769 Water, Land Use, Development and Hawaiian Affairs on H.C.R. No. 147

The purpose of this resolution is to request a study, by the Department of Land and Natural Resources, of the possibility of acquiring the Big Beach area of Makena, Maui as a state park.

Your Committee on Water, Land Use, Development and Hawaiian Affairs is in accord with the intent and purpose of H.C.R. No. 147, and recommends that it be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 770 Housing and Consumer Protection and Commerce on H.C.R. No. 4

The purpose of this resolution is to request the appropriate House and Senate committees to conduct a study on the regulation of condominium conversions.

Your Committees find that House Resolution 23 adopted by the 1980 House of Representatives requested the Hawaii Housing Authority (HHA) to conduct a study on condominium conversions. However, the HHA has not yet begun the study because of staffing and financial constraints, nor does the Authority intend to conduct the study without funding by the Legislature. Your Committees believe that the problems posed by the conversion

of rental units to condominiums merits serious study, if not by the HHA then by another body.

Your Committees have amended the resolution by deleting reference to the HHA study and requesting the Legislative Reference Bureau rather than the appropriate House and Senate committees to conduct the study. Other non-substantive amendments were made to the resolution which do not affect its intent.

Your Committees on Housing and Consumer Protection and Commerce concur with the intent and purpose of H.C.R. No. 4, as amended herein, and recommend that it be referred to the Committee on Finance, in the form attached hereto as H.C.R. No. 4, H.D. 1.

Signed by all members of the Committees.

SCRep. 771 Housing and Consumer Protection and Commerce on H.R. No. 26

The purpose of this resolution is to request the appropriate House committees to conduct a study on the regulation of condominium conversions.

Your Committees find that House Resolution 23 adopted by the 1980 House of Representatives requested the Hawaii Housing Authority (HHA) to conduct a study on condominium conversions. However, the HHA has not yet begun the study because of staffing and financial constraints, nor does the Authority intend to conduct the study without funding by the Legislature. Your Committees believe that the problems posed by the conversion of rental units to condominiums merits serious study, if not by the HHA then by another body.

Your Committees have amended the resolution by deleting reference to the HHA study and requesting the Legislative Reference Bureau rather than the appropriate House committees to conduct the study. Other non-substantive amendments were made to the resolution which do not affect its intent.

Your Committees on Housing and Consumer Protection and Commerce concur with the intent and purpose of H.R. No. 26, as amended herein, and recommend that it be referred to the Committee on Finance, in the form attached hereto as H.R. No. 26, H.D. 1.

Signed by all members of the Committees.

SCRep. 772 Housing in H.R. No. 142

The purpose of this resolution is to request the Hawaii Housing Authority to submit a report on each parcel of land purchased pursuant to Chapter 359G, Hawaii Revised Statutes, since June 1970.

The Authority has acquired several parcels of land which have lain undeveloped for extended periods of time. Your Committee is especially interested in the Authority's plans for these parcels as the Authority's Dwelling Unit Revolving Fund is rapidly being depleted.

Your Committee on Housing concurs with the intent and purpose of H.R. No. 142 and recommends that it be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 773 Energy, Ecology and Environmental Protection on H.R. No. 339

The purpose of this house resolution is to request the appropriate House Committees, as determined by the Speaker of the House of Representatives, to conduct a comprehensive review of the federal and state air quality laws, rules, and regulations and to determine whether Hawaii's current laws, rules, and regulations are: (1) in conformance with federal standards as amended; (2) adequate to protect the health of Hawaii's people; and (3) appropriate for point sources.

Your Committee finds that Hawaii's air pollution rules were first adopted by the Department of Health on January 21, 1972, to implement the federal Clean Air Act of 1970. Hawaii's air pollution rules have not been revised since 1976. Your Committee also finds that

the federal Clean Air Act is scheduled for termination in September 1981 unless extended or amended by the United States Congress.

Your Committee finds that it is in the public interest to ensure ambient air quality standards that will maintain the cleanest air possible and prevent the deterioration of air quality in Hawaii. Your Committee is in agreement that it would be both appropriate and timely to conduct a comprehensive review of Hawaii's air pollution rules and, if necessary, to update and revise these air pollution rules.

Your Committee has amended H.R. No. 339 by requesting that the appropriate House Committees conduct their review during the legislative interim and submit their findings and recommendations to the Legislature at least twenty days prior to the convening of the 1982 Regular Session. Your Committee finds that an interim study will allow for a more comprehensive and thorough review of federal and state air quality laws, rules, and regulations.

Your Committee on Energy, Ecology and Environmental Protection concurs with the intent and purpose of H.R. No. 339, as amended herein, and recommends that it be referred to the Committee on Legislative Management, in the form attached hereto as H.R. No. 339, H.D. 1.

Signed by all members of the Committee.

SCRep. 774 Education and Higher Education on H.R. No. 213

The purpose of this resolution as received by your Committees is to request the Department of Education, the University of Hawaii, and the Department of Planning and Economic Development to discuss the expansion and restructuring of the foreign language curricula of the Department of Education and the University. The resolution also requests the Department of Education to conduct a study regarding the general theme and specific concerns of the resolution. In addition, the resolution also requests the University to consider requiring foreign language capability for all bachelor degree candidates.

Your Committees have heard favorable testimony from the Department of Planning and Economic Development and the Department of Education supporting the intent and purposes of this resolution. Testimony given by the Department of Education acknowledged the need for continued improvement in second language learning, particularly in light of the resurgence of national interest in this area. The Department has therefore initiated activities to improve second language study and has completed a Special Analytic Study and multi-year improvement plan. Work on a position paper and on a survey of student interest in second language learning is also underway.

At the suggestion of the Department of Education, your Committees have amended this resolution to require the Department of Education to include in its submittal to the Legislature a report of their Special Analytic Study and multi-year improvement plan, and, if available, their position paper and student interest survey concerning the learning of a second language.

Your Committees have also added a request that the Department review the present condition and adequacy of the language laboratory facilities in the schools of Hawaii.

Your Committees have amended the resolution by making organizational and format changes without changing the substantive content of the resolution to clarify the actions requested therein.

Your Committees on Education and Higher Education concur with the intent and purpose of H.R. No. 213, as amended herein, and recommend that it be referred to the Committee on Finance, in the form attached hereto as H.R. No. 213, H.D. 1.

Signed by all members of the Committees.

SCRep. 775 Education on H.R. No. 38

The purpose of this resolution is to request the Board of Education to report on its alternative education programs, such report to describe:

- (1) the structure and organization of the alternative education program;
- (2) the present size of the program, including the number of students

- currently served, the number and criteria used to identify students needing alternative education services, the current cost of the program, and the number of schools presently without alternative education programs, if any;
- (3) the relative size and number of private providers of alternative education services, and their relationship to the DOE-operated program;
 - (4) the planned direction and further development of alternative education programs as provided in the draft compensatory education plan; and
 - (5) any problems encountered in fully implementing alternative education programs, and consequent recommendations for legislative action.

In the 1978 Regular Session, the Hawaii State House of Representatives adopted H.R. No. 547-78 which directed the Department of Education (DOE) to develop and implement a comprehensive system for alternative education programs to aid students identified as potential dropouts, school discipline problems, and socially alienated. In the Hawaii Crime Commission's 1980 report Violence and Vandalism in the Public Schools of Hawaii, it was found that several school principals lack alternative education programs at their schools and have therefore been reluctant to impose suspensions exceeding 10 days for students needing such discipline because, under DOE Rule 21, students suspended for more than 10 days must be provided with an alternative education program. In addition, your Committee finds that there now exists a large number of alternative education programs employing various methods of service delivery and various alternative education curricula. These programs were initiated by various means with funds from various sources and are distributed among the areas in the State not necessarily in accordance with the distribution of needs for alternative education services.

In view of the above concerns, your Committee believes there is a great need for the Board of Education to comprehensively review the relevant features of the alternative education program. To provide a more equitable distribution of resources, the Board should consider the reallocation of available staff and resources of the program, if necessary, towards the delivery of more coordinated and effective services.

The Board of Education has expressed its deep concern and interest in alternative education programs by assigning them priority status in its 1981-1983 biennial budget request.

Your Committee has amended the resolution to require the Board of Education to submit a report twenty days prior to the convening of the 1982 Regular Session. The original resolution required a report to be submitted in the 1981 Regular Session.

Your Committee on Education concurs with the intent and purpose of H.R. No. 38, as amended herein, and recommends that it be referred to the Committee on Finance in the form attached hereto as H.R. No. 38, H.D. 1.

Signed by all members of the Committee.

SCRep. 776 Education on H.R. No. 37

The purpose of this resolution is to request the appropriate committee(s) of the House of Representatives to review the following: (1) whether the Department of Education's (DOE) rules, procedures, practices, and policies governing its special education programs, including DOE Rule 49, adequately comply with applicable federal statutes and regulations and with applicable State statutes; (2) the organizational and legal relationships between the DOE and the hearing officers it appoints to conduct due process hearings, including the general qualifications of such hearing officers and their degree of independence from the Department; (3) the criteria used by the Department to identify, evaluate, place, prepare Individualized Educational Program (IEP) Plans for, and mainstream handicapped children who need special education and related services; and (4) other related matters deemed relevant.

Your Committee heard testimony from parents and teachers of handicapped children, and from agencies serving handicapped children that a variety of areas relating to special education are of deep concern, ranging from school transportation of the handicapped to class size to mainstreaming of handicapped children in regular schools to the tremendous demands placed on teachers of the handicapped in implementing the

IEP process mandated by Public Law 94-142 of the federal government. In addition, the number of legal challenges that have been filed by parents of handicapped children and advocacy groups for the handicapped against the DOE suggests that legislative review may be appropriate at this juncture.

Your Committee, having heard testimony which described the nature and scope of problems as regards special education, recognizes the need to review the entire Special Education rules and procedures which provide the necessary framework for the State in meeting the educational and other related needs of the handicapped children.

Your Committee on Education concurs with the intent and purpose of H.R. No. 37 and recommends that it be referred to the Committee on Legislative Management.

Signed by all members of the Committee.

SCRep. 777 Education on H.C.R. No. 82 (Majority)

The purpose of this resolution is to request the Board of Education to consider including in the in-service training of educational officers a requirement that: 1) each officer have direct contact with students over a minimum of one semester in each three-year period; 2) such contacts may include teaching a class, coaching, participation in a student activity, or other similar responsibilities; 3) no more than one-third of the Department's educational officers be involved in the direct contact program during any one semester.

Your Committee heard testimony from the Department of Education and Hawaii State Teachers Association who are in agreement that through in-service training educational officers can enhance their practical knowledge about teaching effectiveness and educational processes in their administrative duties. Your Committee believes that direct contact with students is one means of familiarizing education officers with the needs and concerns of students and should therefore be considered for inclusion in the existing program of in-service training.

Your Committee has amended the Resolution to direct the request to consider direct student contact as part of the training of educational officers to the Board of Education rather than to the Department of Education.

Your Committee on Education concurs with the intent and purpose of H.C.R. No. 82 as amended herein, and recommends its adoption in the form attached hereto as H.C.R. No. 82, H.D. 1.

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

SCRep. 778 Education on H.R. No. 212 (Majority)

The purpose of this resolution is to request the Board of Education to consider including in the in-service training of educational officers a requirement that: 1) each officer have direct contact with students over a minimum of one semester in each three-year period; 2) such contacts may include teaching a class, coaching, participation in a student activity, or other similar responsibilities; 3) no more than one-third of the Department's educational officers be involved in the direct contact program during any one semester.

Your Committee heard testimony from the Department of Education and Hawaii State Teachers Association who are in agreement that through in-service training educational officers can enhance their practical knowledge about teaching effectiveness and educational processes in their administrative duties. Your Committee believes that direct contact with students is one means of familiarizing education officers with the needs and concerns of students and should therefore be considered for inclusion in the existing program of in-service training.

Your Committee has amended the Resolution to direct the request to consider direct student contact as part of the training of educational officers to the Board of Education rather than to the Department of Education.

Your Committee on Education concurs with the intent and purpose of H.R. No. 212 as amended herein, and recommends its adoption in the form attached hereto as H.R. No. 212, H.D.1.

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

SCRep. 779 Housing on H.R. No. 50

The purpose of this resolution is to urge the appropriate departments of the federal, state and county governments to expand programs which provide public land to private rental housing developers.

The shortage of available land for rental housing is one of many factors contributing to the critical shortage of rental units in the State. The Honolulu Housing Vacancy Survey conducted by the U.S. Postal Service reported that the vacancy rate for Honolulu owner-occupied and rental units in March 1980 was 1.3 per cent, which is virtually a no-vacancy situation. Your Committee believes that making unused public lands available at reduced rates for the private development of rental housing for low- and moderate-income persons will serve as a much-needed incentive to the private sector.

Your Committee received supporting testimony from the Construction Industry Legislative Organization and the Land Use Research Foundation.

Your Committee on Housing concurs with the intent and purpose of H.R. No. 50 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 780 Housing on H.C.R. No. 160 (Majority)

The purpose of this concurrent resolution is to urge State and county housing agencies to require the Hawaii Home Owners Warranty (HOW) protection plan for their housing projects.

Your Committee finds that the HOW program protects the home buyer against major structural defects for ten years after construction. The HOW plan also protects government housing agencies from actions taken to remedy construction faults in their projects. The Hawaii Housing Authority currently has two projects covered by HOW and testified that it will require HOW protection for its single family projects in the future, as long as premium costs are reasonable in relation to the total cost of the dwelling unit.

Your Committee also received favorable testimony on this concurrent resolution from the City and County Department of Housing and Community Development and the Building Industry Association of Hawaii.

Your Committee on Housing concurs with the intent and purpose of H.C.R. No. 160 and recommends its adoption.

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

SCRep. 781 Tourism on H.R. No. 266 (Majority)

The purpose of this resolution is to request the Department of Planning and Economic Development to study the cost-benefits of Hawaii Visitors Bureau's non-Honolulu offices, and assess telecommunications to replace or reduce the on-site functions of these offices.

Your Committee finds that HVB field offices should be assessed such that maximum benefits are derived, or funds redirected toward other necessary activities.

Your Committee on Tourism concurs with the intent and purpose of H.R. No. 266 and recommends that it be referred to the Committee on Finance.

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

SCRep. 782 Tourism on H.C.R. No. 121 (Majority)

The purpose of this resolution is to request the Department of Planning and Economic

Development to study the cost-benefits of Hawaii Visitors Bureau's non-Honolulu offices, and assess telecommunications to replace or reduce the on-site functions of these offices.

Your Committee finds that HVB field offices should be assessed such that maximum benefits are derived, or funds redirected toward other necessary activities.

Your Committee on Tourism concurs with the intent and purpose of H.C.R. No. 121 and recommends that it be referred to the Committee on Finance.

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

SCRep. 783 Health on H.R. No. 46

The purpose of this resolution, as received by your Committee, is to request the Legislative Auditor to develop a uniform cost accounting and reporting system applicable for all hospitals and related health care services in hospital facilities in the State.

Your Committee finds that the continuing increase in hospital costs is a major factor in the problem of spiraling health care costs. In Hawaii, state government and the health industry have been attempting to resolve this problem over the past several years. As a result of a 1979 interim study on health care cost containment conducted by the House Committee on Health, the Hawaii State House of Representatives, through the adoption of the Health Committee's Special Committee Report No. 19 (March 21, 1980), recognized the need for a uniform hospital accounting system as a basic requirement to any effective cost containment program. It was concluded that such a system would provide for a uniform data base which would enable policy makers to make informed decisions on hospital and health-related costs, facilitate more accurate and valid comparisons of costs, and provide for public disclosure of the activities of the hospitals.

Testimonies received by your Committee indicate, however, that there are currently a number of "uniform systems" utilized by hospitals throughout the State. Your Committee believes that it is essential to first evaluate the adequacy, effectiveness, and appropriateness of each of the various existing formats or systems to determine if: (1) an existing system can be used to make meaningful and valid comparisons of the financial data of all hospitals; (2) the existing systems could be integrated for such a purpose; or (3) a new and more appropriate reporting and accounting system would be necessary. Your Committee further believes that such a review would assist in minimizing any duplication in reporting requirements and additional costs to the hospitals in complying with a new system.

Your Committee has accordingly amended this resolution by requesting that the Legislative Auditor study the feasibility of developing and implementing a uniform cost accounting and reporting system applicable to all hospitals and related health care services in hospital facilities in the State. Such study is to include but not be limited to: (1) an evaluation of each of the various existing "uniform" reporting formats or systems; (2) if a new reporting system is deemed appropriate, a recommendation as to the essential reporting methods, procedures, and measurements which would be necessary; (3) an analysis of the projected costs and benefits involved in developing and implementing any new system; and (4) any other issues or problems deemed relevant to the study.

Your Committee has also amended the title to more appropriately reflect the amended purpose of this resolution and by making a number of nonsubstantive changes.

Your Committee on Health concurs with the intent and purpose of H.R. No. 46, as amended herein, and recommends that it be referred to the Committee on Finance in the form attached hereto as H.R. No. 46, H.D. 1.

Signed by all members of the Committee.

SCRep. 784 Health on H.C.R. No. 15

The purpose of this resolution, as received by your Committee, is to request the Legislative Auditor to develop a uniform cost accounting and reporting system applicable for all hospitals and related health care services in hospital facilities in the State.

Your Committee finds that the continuing increase in hospital costs is a major factor in the problem of spiraling health care costs. In Hawaii, state government and the

health industry have been attempting to resolve this problem over the past several years. As a result of a 1979 interim study on health care cost containment conducted by the House Committee on Health, the Hawaii State House of Representatives, through the adoption of the Health Committee's Special Committee Report No. 19 (March 21, 1980), recognized the need for a uniform hospital accounting system as a basic requirement to any effective cost containment program. It was concluded that such a system would provide for a uniform data base which would enable policy makers to make informed decisions on hospital and health-related costs, facilitate more accurate and valid comparisons of costs, and provide for public disclosure of the activities of the hospitals.

Testimonies received by your Committee indicate, however, that there are currently a number of "uniform systems" utilized by hospitals throughout the State. Your Committee believes that it is essential to first evaluate the adequacy, effectiveness, and appropriateness of each of the various existing formats or systems to determine if: (1) an existing system can be used to make meaningful and valid comparisons of the financial data of all hospitals; (2) the existing systems could be integrated for such a purpose; or (3) a new and more appropriate reporting and accounting system would be necessary. Your Committee further believes that such a review would assist in minimizing any duplication in reporting requirements and additional costs to the hospitals in complying with a new system.

Your Committee has accordingly amended this resolution by requesting that the Legislative Auditor study the feasibility of developing and implementing a uniform cost accounting and reporting system applicable to all hospitals and related health care services in hospital facilities in the State. Such study is to include but not be limited to: (1) an evaluation of each of the various existing "uniform" reporting formats or systems; (2) if a new reporting system is deemed appropriate, a recommendation as to the essential reporting methods, procedures, and measurements which would be necessary; (3) an analysis of the projected costs and benefits involved in developing and implementing any new system; and (4) any other issues or problems deemed relevant to the study.

Your Committee has also amended the title to more appropriately reflect the amended purpose of this resolution and by making a number of nonsubstantive changes.

Your Committee on Health concurs with the intent and purpose of H.C.R. No. 15, as amended herein, and recommends that it be referred to the Committee on Finance in the form attached hereto as H.C.R. No. 15, H.D.1.

Signed by all members of the Committee.

SCRep. 785 Water, Land Use, Development and Hawaiian Affairs on H.R. No. 77

The purpose of this resolution is to have the appropriate committees of the House of Representatives to conduct a comprehensive review of the water resource management issue in Hawaii.

The resolution cites, as a guide, various bills, reports, and court cases which need to be reviewed by the "appropriate" committees. It also specifies that their findings and recommendations, including legislation to create or designate a water resource agency and to enact a comprehensive state water code, be completed by, in effect, February 18, 1981.

Your Committee agrees with the necessity to review water resource management issues but that the deadline specified for completion of the review was not attainable. An amendment to the pertinent section of the resolution has been made to specify that the review be completed twenty days before the convening of the 1982 Session of the Legislature.

Your Committee has also amended the resolution by adding a new item "7" to the list of specific matters to be reviewed, the question as to whether the State Constitution requires that a new statewide water resource agency be created or an existing agency designated. The intent here is to consider the feasibility and the desirability of such a requirement. The original item "7" has been renumbered "8".

Your Committee on Water, Land Use, Development and Hawaiian Affairs concurs with the intent and purpose of H.R. No. 77, as amended herein, and recommends that it be referred to the Committee on Legislative Management, in the form attached hereto as H.R. No. 77, H.D. 1.

Signed by all members of the Committee.

SCRep. 786 Water, Land Use, Development and Hawaiian Affairs on H.C.R. No. 20

The purpose of this resolution is to have the appropriate committees of the Legislature to conduct a comprehensive review of the water resource management issue in Hawaii.

The resolution cites, as a guide, various bills, reports, and court cases which need to be reviewed by the "appropriate" committees. It also specifies that their findings and recommendations, including legislation to create or designate a water resource agency and to enact a comprehensive state water code, be completed by, in effect, February 18, 1981.

Your Committee agrees with the necessity to review water resource management issues but that the deadline specified for completion of the review was not attainable. An amendment to the pertinent section of the resolution has been made to specify that the review be completed twenty days before the convening of the 1982 Session of the Legislature.

Your Committee has also amended the resolution by adding a new item "7" to the list of specific matters to be reviewed, the question as to whether the State Constitution requires that a new statewide water resource agency be created or an existing agency designated. The intent here is to consider the feasibility and the desirability of such a requirement. The original item "7" has been renumbered "8".

Your Committee on Water, Land Use, Development and Hawaiian Affairs concurs with the intent and purpose of H.C.R. No. 20, as amended herein, and recommends that it be referred to the Committee on Legislative Management, in the form attached hereto as H.C.R. No. 20, H.D. 1.

Signed by all members of the Committee.

SCRep. 787 Youth and Elderly Affairs on H.R. No. 143

The purpose of this resolution is to request the Executive Office on Aging to study alternative methods of facilitating the planning, establishment and funding of multi-purpose senior centers.

Your Committee finds that Section 349-11, Hawaii Revised Statutes, mandates the Executive Office on Aging to establish a state policy for senior centers. Included in the policy should be a division of responsibilities between the state and the counties for the development and administration of senior centers. However, the division of responsibilities relating to funding is stated in general terms and has not provided an effective method of establishing senior centers. Your Committee finds that there is an increasing need for senior centers and that a clear policy on the development and establishment of senior centers is needed.

H.R. No. 143 specifies several concerns to be covered in the study. Your Committee finds that (1) "a review of the role of the Executive Office on Aging in the planning, acquisition, construction, establishment, or renovation of multi-purpose senior centers in the State, including the related planning to acquire or request the necessary funding;" should be addressed in H.R. No. 78, "A Resolution Requesting a Review of the Executive Office on Aging and the Updated Master Plan for the Elderly". H.R. No. 78 is a resolution requesting a review of the Executive Office on Aging by the appropriate House standing committee to learn if any legislation or special appropriations would assist the office in fulfilling its statutory mandate. Your Committee finds that the House standing committee should look into the role of the Executive Office on Aging in the development of senior centers, rather than have the office itself look at its role.

For the same reason, your Committee finds that (5) "a review of the procedures through which each county coordinates or works with the Executive Office on Aging in submitting requests for funding or grants-in-aid;" should be addressed in H.R. No. 78. Your Committee has deleted this provision from H.R. No. 143.

The Executive Office on Aging testified that it would be difficult to report back to the legislature fifteen days prior to the end of the 1981 session. Since your Committee has deleted two provisions of the proposed study, your Committee finds that the Executive Office on Aging should be able to report back to the legislature ten days prior to the adjournment of the 1981 session. Your Committee has amended H.R. No. 143 to request the Executive Office on Aging to report back to the legislature ten days prior to the adjournment of the 1981 Regular Session.

Your Committee has added a provision in H.R. No. 143 requesting the county govern-

ments to cooperate with the Executive Office on Aging in conducting the study.

The last paragraph of H.R. No. 143 has been amended to include the mayors of the counties to receive certified copies of the resolution, since the county area agencies on aging are under the counties' jurisdiction.

Your Committee on Youth and Elderly Affairs concurs with the intent and purpose of H.R. No. 143, as amended herein, and recommends that it be referred to the Committee on Finance, in the form attached hereto as H.R. No. 143, H.D. 1.

Signed by all members of the Committee.

SCRep. 788 Youth and Elderly Affairs on H.R. No. 78

The purpose of this resolution is to request the appropriate House standing committee to review the Executive Office on Aging and the updated master plan for the elderly.

The Executive Office on Aging is mandated to develop and implement a comprehensive master plan for the elderly. The master plan was developed in the mid-1970s, and has not been updated or revised since that time. Your Committee finds that a review of the updated master plan for the elderly and the Executive Office on Aging will provide the legislature with information regarding the status of the updated master plan for the elderly, whether any enabling legislation is needed to implement the updated master plan for the elderly, whether more efficient coordination between the numerous state and county plans is needed, whether elderly programs need expansion, and if these programs are being effectively monitored and strengthened at the present time.

Your Committee finds that, in addition to the particulars listed to be included in the review by the House standing committee, there should be some additions. Your Committee has added to this list (4) "a review of the role of the Executive Office on Aging in the planning, acquisition, construction, establishment, or renovation of multi-purpose senior centers in the State, including the related planning to acquire or request the necessary funding;" and (5) "a review of the procedures through which each county coordinates or works with the Executive Office on Aging in submitting requests for funding or grants-in-aid;". Your Committee is concerned about the state policy for senior centers and is considering a resolution addressing this concern, H.R. No. 143. H.R. No. 143 is a resolution requesting the Executive Office on Aging to conduct a study on alternative methods of establishing senior centers. However, your Committee finds that the above stated issues should be studied by the House standing committee, rather than the Executive Office on Aging. These concerns have been included in H.R. No. 78 as numbers 4 and 5.

Your Committee has further amended H.R. No. 78 by requesting the House standing committee to report to the legislature 20 days prior to the convening of the Regular Session of 1982, in order that the appropriate committee can do a thorough and comprehensive review. Your Committee has amended the request for submittal of the updated master plan, or if not completed, a progress report of the updated master plan, to 60 days after the Regular Session of 1981 is adjourned.

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

Signed by all members of the Committee.

SCRep. 789 Youth and Elderly Affairs on H.C.R. No. 21

The purpose of this resolution is to request the appropriate House standing committee to review the Executive Office on Aging and the updated master plan for the elderly.

The Executive Office on Aging is mandated to develop and implement a comprehensive master plan for the elderly. The master plan was developed in the mid-1970s, and has not been updated or revised since that time. Your Committee finds that a review of the updated master plan for the elderly and the Executive Office on Aging will provide the legislature with information regarding the status of the updated master plan for the elderly, whether any enabling legislation is needed to implement the updated master plan for the elderly, whether more efficient coordination between the numerous state and county plans is needed, whether elderly programs need expansion, and if these

programs are being effectively monitored and strengthened at the present time.

Your Committee finds that, in addition to the particulars listed to be included in the review by the House standing committee, there should be some additions. Your Committee has added to this list (4) "a review of the role of the Executive Office on Aging in the planning, acquisition, construction, establishment, or renovation of multi-purpose senior centers in the State, including the related planning to acquire or request the necessary funding;" and (5) "a review of the procedures through which each county coordinates or works with the Executive Office on Aging in submitting requests for funding or grants-in-aid;". Your Committee is concerned about the state policy for senior centers and is considering a resolution addressing this concern, H.R. No. 143. H.R. No. 143 is a resolution requesting the Executive Office on Aging to conduct a study on alternative methods of establishing senior centers. However, your Committee finds that the above stated issues should be studied by the House standing committee, rather than the Executive Office on Aging. These concerns have been included in H.C.R. No. 21 as numbers 4 and 5.

Your Committee has further amended H.C.R. No. 21 by requesting the House standing committee to report to the legislature 20 days prior to the convening of the Regular Session of 1982, in order that the appropriate committee can do a thorough and comprehensive review. Your Committee has amended the request for submittal of the updated master plan, or if not completed, a progress report of the updated master plan, to 60 days after the Regular Session of 1981 is adjourned.

Your Committee on Youth and Elderly Affairs concurs with the intent and purpose of H.C.R. No. 21, as amended herein, and recommends that it be referred to the Committee on Legislative Management in the form attached hereto as H.C.R. No. 21, H.D. 1.

Signed by all members of the Committee.

SCRep. 790 Finance on S.B. No. 466

The purpose of this bill is to authorize state agencies, which do not have specific legislative authorization to do so, to assess and collect a service fee of \$7.50 for each dishonored check, draft, certificate of deposit, or other negotiable instrument.

Your Committee finds that uncollectible negotiable items deprive the State of the use of revenues, and in that these items create an additional workload in the accounting for and pursuing of their collection. Your Committee agrees that the imposition of a service fee to recover the cost of processing bad negotiable items represents prudent fiscal management and a fee of \$7.50 is consistent with rates generally charged by financial institutions. Service charges collected as proposed by this bill are to be deposited into the state general fund.

Your Committee is in agreement with the purpose of this bill and your Committee has amended line 5 and 11 of page 1 to change the word "uncollectible" to "dishonored", the term being consonant with the commercial code. (See also House Standing Committee Report No. 466, March 9, 1981, on H.B. No. 921, and H.B. No. 921, H.D. 1, adopted March 10, 1981 on the house companion measure on this subject.)

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

Signed by all members of the Committee.

SCRep. 791 Finance on H.R. No. 15

The purpose of this resolution is to initiate prompt follow-up actions to enhance activation of the proposed land reclamation system at the earliest possible time, and for the Department of Agriculture to submit a report concerning the status of the project prior to the convening of the Regular Session of 1982.

Your Committee agrees that the proposed land reclamation system appears both technically feasible and economically justifiable.

Your Committee on Finance concurs with the intent and purpose of H.R. No. 15 and

recommends its adoption.

Signed by all members of the Committee.

SCRep. 792 Finance on H.R. No. 197

The purpose of this resolution is to request the Department of Social Services and Housing, through its Corrections Division and Intake Service Centers, to review and evaluate existing and planned rehabilitation and treatment programs for sentenced and other adult criminal offenders, including the adequacy, availability, and effectiveness of existing programs.

Your Committee requests that all agencies, public or private, involved as providers or potential providers of service cooperate with the Department of Social Services and Housing in this study.

Your Committee has revised this resolution to add the report due date and to make technical, non-substantive amendments.

Your Committee on Finance concurs with the intent and purpose of H.R. No. 197, H.D. 1, as amended herein, and recommends its adoption in the form attached hereto as H.R. No. 197, H.D. 2.

Signed by all members of the Committee.

SCRep. 793 Finance on H.R. No. 257

The purpose of this resolution is to request the Department of Social Services and Housing to conduct a study to find the estimated cost of renovating the present Olinda Honor Camp facilities to operational standards, the estimated cost of basic equipment for farming and other vocational standards, and sufficient personnel to adequately staff this facility. The study should also include an assessment of the social and economic impact of reopening Olinda Honor Camp on the surrounding communities and recommend measure to minimize any adverse impacts.

Your Committee directs the Department of Land and Natural Resources and the Department of Accounting and General Services to cooperate and assist the Department of Social Services in this study.

Your Committee has amended this resolution to make technical, non-substantive changes.

Your Committee on Finance concurs with the intent and purpose of H.R. No. 257, H.D. 1, as amended herein, and recommends its adoption in the form attached hereto as H.R. No. 257, H.D. 2.

Signed by all members of the Committee.

SCRep. 794 Finance on H.R. No. 32

The purpose of this resolution is to request the Department of Social Services and Housing and the Department of Personnel Services to jointly study the existing and planned programs and problems relating to recruitment, training, and retention of qualified and effective security personnel employed by the Corrections Division of the Department of Social Services and Housing.

Your Committee on Finance concurs with the intent and purpose of H.R. No. 32 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 795 Finance on H.R. No. 34

The purpose of this resolution is to request the State Foundation on Culture and the Arts to review its existing policies and practices as they relate to the circulation of works of art purchased in the art-in-state-buildings program with a view toward increasing the circulation of works of art.

The State Foundation has reported great improvements in its policies and practices relating to the circulation of artwork since the publication of the 1976 Legislative Auditor's Report on the State Foundation on Culture and the Arts. Your Committee believes that legislative review of the State Foundation's efforts to implement recommendations contained in the 1976 Auditor's Report is needed to ensure that the problems cited in that report relating to the circulation of artwork have all been rectified.

Your Committee has amended this resolution to change the due date of the requested report.

Your Committee on Finance concurs with the intent and purpose of H.R. No. 34, as amended herein, and recommends its adoption in the form attached hereto as H.R. No. 34, H.D. 1.

Signed by all members of the Committee.

SCRep. 796 Finance on H.R. No. 274

The purpose of this resolution is to have the State Foundation on Culture and the Arts develop a long-range plan that will detail ways in which the SFCA board, advisory panels, staffing, and program orientation will incorporate history and humanities as an integral part of its program functions. The SFCA shall submit its plans to the Legislature prior to the convening of the Regular Session of 1982.

Your Committee has amended this resolution to correct a grammatical error.

Your Committee on Finance concurs with the intent and purpose of H.R. No. 274, as amended herein, and recommends its adoption in the form attached hereto as H.R. No. 274, H.D. 1.

Signed by all members of the Committee.

SCRep. 797 Finance on H.R. No. 216

The purpose of this resolution is to request that a study be made and that legislation be proposed for the design, planning, construction, reconstruction, remodeling, leasing, and renting of public buildings and facilities that will reasonably accommodate the physically handicapped.

Your Committee finds that chapter 103, Hawaii Revised Statutes, enacted in 1965, required accessibility to and usability of buildings and facilities by the handicapped and that such mandate has not yet been achieved.

Your Committee has amended this resolution to include the Department of Transportation in the study and to correct spelling errors and to make other technical, non-substantive changes.

Your Committee on Finance concurs with the intent and purpose of H.R. No. 216, H.D. 1, as amended herein, and recommends its adoption in the form attached hereto as H.R. No. 216, H.D. 2.

Signed by all members of the Committee.

SCRep. 798 Finance on H.R. No. 39

The purpose of this resolution is to request the Department of Education to accomplish the following actions: (1) report on the Department of Education's Rule 21; (2) conduct a study on the feasibility of re-establishing truant officers and submit a progress report on the establishment of a more aggressive truancy reporting system; (3) report on the ways or methods to maximize the visibility and accessibility of school principals to deter school violence and vandalism; and (4) a progress report on establishing a uniform record-keeping and reporting system of school violence and vandalism.

Your Committee recognizes the problem of violence and vandalism in schools and acknowledges the need for additional information in determining ways to minimize the incidents.

Your Committee agrees it is appropriate that the Board of Education study methods by which violence and vandalism can be reduced.

Your Committee on Finance concurs with the intent and purpose of H.R. No. 39, H.D. 1, and recommends its adoption.

Signed by all members of the Committee.

SCRep. 799 Finance on H.R. No. 163

The purpose of this resolution is to request the State Department of Agriculture to submit a report to the Legislature prior to the convening of the Regular Session of 1982 on the nature and scope of problems relating to the use of garbage as a swine feed and alternative remedies for ameliorating such problems.

Your Committee finds that there is concern over the alleged lack of adequate enforcement of laws and regulations relating to the use of garbage as swine feed, with the resultant increased threat of outbreaks of diseases. Improperly processed garbage feed can transmit hog cholera to the consuming animal, a very costly disease which can result in an explosive outbreak reaching epidemic proportions.

Although the Department of Agriculture has adopted rules concerning the cooking and related processing of garbage feed to guard against animal contamination, further effort to strengthen this program is necessary if there exists a potential danger posed by feeding swine with contaminated or improperly handled garbage.

Your Committee on Finance concurs with the intent and purpose of H.R. No. 163 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 800 Judiciary on H.C.R. No. 159

The purpose of this concurrent resolution is to have the Statistical Analysis Center, hereinafter referred to as SAC, develop a long-range implementation plan for a comprehensive criminal justice information system.

The resolution also requests that a board be created with representatives from various criminal justice agencies of the City and State, and that the SAC report to the legislature twenty days prior to the Regular Session of 1982.

Your Committee recognizes that in June, 1972 former Governor John A. Burns committed the State to develop a comprehensive data system, and the State agreed to continue the program after federal subsidies terminated.

Presently, there are a number of criminal justice information systems; all of which operate somewhat independently from each other and without any clear direction or much exchange of available information among and between the agencies.

Your Committee recognizes the urgent need to establish a central criminal justice information center for the purposes of (1) coordinating all of the components of the criminal justice system and (2) assisting the criminal law agencies to swiftly prosecute criminal cases.

The purpose of the comprehensive data system is to also eliminate the duplication which now exists, and provide the direction and information upon which timely and informed decisions can be made.

The following agencies testified in support of the concurrent resolution:

1. Judiciary
2. Statistical Analysis Center
3. Honolulu Police Department
4. Department of Social Services and Housing

Your Committee has amended the resolutions to include the following agencies to

participate in the development of a long-range plan for a comprehensive data system for criminal justice:

1. City Department of Data Systems
2. Electronic Data Processing Division
3. State Law Enforcement Planning Agency
4. Probation Department

Your Committee on Judiciary concurs with the intent and purpose of H.C.R. No. 159, as amended herein, and recommends that it be referred to the Committee on Finance in the form attached hereto as H.C.R. No. 159, H.D. 1.

Signed by all members of the Committee.

SCRep. 801 Youth and Elderly Affairs and Employment Opportunities and Labor Relations on H.R. No. 353

The purpose of this resolution is to encourage employers to retain, hire or promote older workers.

Your Committee finds that the conditions of the elderly have changed in the past years and that the health of the elderly especially, is greatly improved, so that more elderly are living longer and healthier lives. Due to this change, many elderly are capable and willing to work for longer years than previously. Also, due to economic necessity many older citizens must work. Employers are encouraged to recognize the experience of the older worker by retaining or hiring them.

Your Committee finds that copies of H.R. No. 353 are to be sent to several employer organizations. Your Committees have amended H.R. No. 353 to add the State Federation of Labor, the ILWU, the Building and Construction Trades Council, and AFSCME to receive copies of H.R. No. 353.

Your Committees on Youth and Elderly Affairs and Employment Opportunities and Labor Relations concur with the intent and purpose of H.R. No. 353 as amended herein, and recommend its adoption in the form attached hereto as H.R. No. 353, H.D. 1.

Signed by all members of the Committees.

SCRep. 802 Tourism on H.R. No. 171

The purpose of this resolution is to request the Governor to proclaim the week of September 6-12, 1981 as American Society of Travel Agents Week and, for the members of the Legislature, to welcome the visiting travel agent delegates to the 1981 World Congress during that week.

Your Committee finds the American Society of Travel Agents to be one of the most prestigious and productive organizations of travel sellers in the world, selecting Hawaii as the site of its 1981 World Congress.

Your Committee further agrees with the recommendation of the Hawaii Chapter of the American Society of Travel Agents, by amending the last paragraph on page 1 of H.R. No. 171, to read as follows:

"BE IT FURTHER RESOLVED that certified copies of this Resolution be transmitted to the Honorable George Ariyoshi, Governor of Hawaii, and all state directors of the executive departments; the Mayors of the various counties of Hawaii and their directors; Mr. John G. Simpson, President of the Hawaii Visitors Bureau; Mr. Thomas L. Anderson, General Congress Chairman of the World Congress of the American Society of Travel Agents; and Mr. Stephen L. Moroney, Chairman of the Hawaii Host Committee."

Your Committee on Tourism concurs with the intent and purpose of H.R. No. 171, as amended herein, and recommends its adoption in the form attached hereto as H.R. No. 171, H.D. 1.

Signed by all members of the Committee.

SCRep. 803 Agriculture on S.B. No. 365

The purpose of this bill is to provide supplemental direct loans to qualified nursery operators to assist these operators in preparing for the American Nurserymen Association's National Convention in Hawaii in 1982.

This bill provides that the Department of Agriculture shall make loans to nursery operators at an interest rate which shall be two per cent a year simple interest below the prevailing department interest rates and that there shall be a limit of \$25,000 on the amount of each such loan to each nursery operator. Such loans shall be entered into for a period of not more than twelve months after the effective date of this Act.

Your Committee has received testimony supporting this bill from the Chairperson of the Board of Agriculture stating that considerable effort has been expended by concerned parties to bring the national convention to Hawaii. Your Committee also finds that the convention offers an excellent opportunity for Hawaii's nursery industry to promote and expand sales of its products.

Your Committee on Agriculture is in accord with the intent and purpose of S.B. No. 365, 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. 804 Energy, Ecology and Environmental Protection on H.R. No. 389

The purpose of this House resolution is to request the department of health to establish, as soon as possible, the solid waste management plan and hazardous waste program required under the federal Resources Conservation and Recovery Act (RCRA) of 1976 and to report on such establishment before the Regular Session of 1982.

Your Committee finds that RCRA mandates the State to establish two programs which are required to conform to guidelines and standards adopted by the Environmental Protection Agency. The plans are important to the continued well-being of Hawaii's population and environment, where hazardous wastes are involved. The department of health, the state agency responsible for waste management programs has not as yet, established either plan.

Your Committee on Energy, Ecology and Environmental Protection concurs with the intent and purpose of H.R. No. 389 and recommends its referral to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 805 Energy, Ecology and Environmental Protection on H.C.R. No. 174

The purpose of this concurrent resolution is to request the department of health to establish, as soon as possible, the solid waste management plan and hazardous waste program required under the federal Resources Conservation and Recovery Act (RCRA) of 1976 and to report on such establishment before the Regular Session of 1982.

Your Committee finds that the RCRA mandates the State of Hawaii to establish two programs which are required to conform to guidelines and standards adopted by the U.S. Environmental Protection Agency. The plans are important to the continued well-being of Hawaii's population and environment where hazardous wastes are involved. The department of health, the state agency responsible for waste management programs, has not as yet, established either plan.

Your Committee on Energy, Ecology and Environmental Protection concurs with the intent and purpose of H.C.R. No. 174 and recommends its referral to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 806 Energy, Ecology and Environmental Protection on H.R. No. 375

The purpose of this house resolution is to request the House Committee on Energy,

Ecology and Environmental Protection to conduct a comprehensive review and assessment of the State's energy conservation program.

Your Committee finds that energy conservation remains of paramount interest to the State and should be encouraged. While the State has emphasized and actively pursued the development of alternate energy resources, energy conservation has not been accorded a similar high priority.

Your Committee further finds that a comprehensive energy conservation program in Hawaii could significantly reduce the State's consumption of energy, reduce its dependence on imported oil, and curtail the rising economic and environmental cost of energy waste. Your Committee is in agreement, therefore, that it would be in the public interest to review, assess, and strengthen the State's energy conservation program.

Your Committee has amended H.R. No. 375 by requesting that the House Committee on Energy, Ecology and Environmental Protection conduct its review during the legislative interim and submit a report of its findings and recommendations to the House of Representatives at least twenty days prior to the convening of the 1982 Regular Session. Your Committee finds that an interim study will allow for a more comprehensive and thorough review of the State's energy conservation program.

Your Committee on Energy, Ecology and Environmental Protection concurs with the intent and purpose of H.R. No. 375, as amended herein, and recommends that it be referred to the Committee on Legislative Management, in the form attached hereto as H.R. No. 375, H.D. 1.

Signed by all members of the Committee.

SCRep. 807 Agriculture and Consumer Protection and Commerce on S.B. No. 440

The purpose of this bill is to make illegal the sale and distribution of misbranded devices which are ineffective for the purpose of mitigating pest problems and to change the duration of a pesticide license from a period of one year to a period of three years.

Your Committees find that a number of devices offered for sale in Hawaii to control pests such as termites, roaches, mice and rats without affecting beneficial organisms have proven to be totally ineffective for the purposes claimed.

Your Committees also find that a three-year licensing period will allow for more efficient cost and personnel utilization in the Department of Agriculture.

Your Committees have received testimony from the Board of Agriculture in support of this bill.

Your Committees on Agriculture and Consumer Protection and Commerce are in accord with the intent and purpose of S.B. No. 440 and recommend that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committees.

SCRep. 808 Agriculture on S.B. No. 362

The purpose of this bill is to provide that sales of materials and commodities to licensed agricultural producers and agricultural cooperative associations which are to be incorporated into saleable produce or finished or saleable products shall be included in the definition of "wholesale" and shall be taxed at one-half of one per cent under the general excise tax law, provided that this provision shall apply only to licensed agricultural producers and agricultural cooperatives under Chapter 421, Hawaii Revised Statutes, who are members of the statewide agricultural cooperative association.

Your Committee has amended Section 1 of this bill by deleting the new material added to Section 237-4, Hawaii Revised Statutes, from line 3, page 2 to line 20, page 2 of this bill. The purpose of this amendment is to delete the paragraph that provides a definition of sales at wholesale which would apply only to members of the statewide agricultural cooperative association.

Your Committee has also made several technical, non-substantive amendments to Section 1 of this bill.

Your Committee has further amended Section 1 of this bill to amend Section 237-4, Hawaii Revised Statutes, to include a new paragraph to read as follows:

"(9) Sales to a licensed producer of agricultural products and commodities of fertilizers and plant nutrients used to produce commercial agricultural products and commodities."

Your Committee has also amended Section 3 of this bill to provide that this Act shall take effect upon its approval.

The new purpose of this bill with the amendments recommended hereinabove will be to provide that sales of fertilizers and plant nutrients to a licensed producer of agricultural products and commodities to produce commercial agricultural products and commodities shall be considered wholesale sales and shall be taxed at the rate of one-half of one per cent under the general excise tax law.

Your Committee on Agriculture is in accord with the intent and purpose of S.B. No. 362, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 362, S.D. 2, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 809 Health on S.B. No. 489

The purpose of this bill is to specify that following legitimation of a child, pursuant to the Uniform Parentage Act, Chapter 584 of the Hawaii Revised Statutes, a child shall take the surname of the mother rather than the father if the parents do not agree on the child's surname.

Testimony submitted by the Department of Health indicated that in a fairly high proportion of cases involving the selection of a legitimated child's surname, the father cannot be located, and the legitimated child acquires the father's surname by default. In such cases, most mothers apparently prefer the child to have their surname rather than the surname of the absent father.

Your Committee finds that it is advantageous for the child to have the same surname as the parent who has custody of the child, or if neither parent has custody, for the child to have the mother's surname. Your Committee intends that the term "custodial parent" refers to the biological parent who has legal custody of the child as awarded or determined by a court of competent jurisdiction.

Your Committee has therefore amended section 1 of the bill by deleting the word "mother" in line 12, page 1 of the bill, and inserting the phrase "custodial parent or the mother if neither parent has custody" in its place. The purpose of the amendment is to provide greater discretion in specifying the surname of the parent who has legal custody of the child.

Your Committee on Health is in accord with the intent and purpose of S.B. No. 489, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 489, S.D. 1, H.D. 1 and be referred to the Committee on Judiciary.

Signed by all members of the Committee.

SCRep. 810 Consumer Protection and Commerce on S.B. No. 567

The purpose of this bill is to direct to the University of Hawaii community college employment training office all drivers' education fund underwriters' fees derived from motorcycles or similar vehicles for the operation of a drivers education program for operators of motorcycles or similar vehicles.

Under present law, the Department of Transportation is designated as the agency that collects and disburses said fees for the operation of the drivers education program.

Your Committee heard testimony from both the Motor Vehicle Insurance Division and the University of Hawaii that the community college employment training office is the best equipped facility to conduct the actual training program. Your Committee is therefore

in agreement with the intent of the bill to authorize the collection and disbursement of fees by the employment training office.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 567, 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. 811 Consumer Protection and Commerce on S.B. No. 258

The purpose of this bill is to amend current law regarding reimbursement of removal, relocation, replacement, or reconstruction expenses incurred by utilities due to state or county highway construction, reconstruction, or maintenance work.

This bill amends current law by adding that privately owned utilities are entitled to reimbursement from county funds, when necessary, as well as the present state funds, for one-half of the expenses above a threshold amount of \$6,000 instead of \$3,000. The bill further amends current law to provide that in the case of publicly owned utilities, where all these relocation expenses are reimbursed from state funds, depreciation will no longer be deducted from the total expenses to be reimbursed.

Your Committee has amended the threshold amount for the right of reimbursement from \$6,000 to \$10,000 to correspond with the proposed amendment to the threshold contained in Section 264-33(c)(2)(C), Hawaii Revised Statutes.

Your Committee has made other nonsubstantive, technical amendments to this bill.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 258, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 258, S.D. 2, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 812 Energy, Ecology and Environmental Protection on S.B. No. 1150

The purpose of this bill is to make a technical correction to section 237-13.5, Hawaii Revised Statutes, by substituting the term "any alternate energy resource" for the term "non-fossil renewable natural resources" thereby clarifying the applicability of the statute.

Your Committee finds that Act 78, Session Laws of Hawaii, 1980, was enacted to reduce the general excise tax assessment on power generated from an alternate energy resource and sold to public utility companies for resale to customers and thereby serving as an incentive for the production of non-fossil fuel electric power. Act 78 created a new statute, section 237-13.5, to the general excise tax law by establishing a special tax rate for electric power generated from non-fossil renewable energy resources.

Section 237-13.5 (a) provides that the levy and assessment of the general excise tax on the gross proceeds from the sale of electric power generated from non-fossil renewable natural resources to a public utility company for resale to the public shall be made only as a tax on the business of a producer, at the rate assessed producers (one-half of one per cent), under section 237-13 (12) (A).

Your Committee has amended S.B. No. 1150, S.D. 1, by providing that the gross proceeds from the sale of electric power to a public utility for resale to the public shall be subject to the one-half of one per cent excise tax rate whether or not such power is produced from an alternate energy or non-fossil renewable resource.

Testimony indicated that sugar plantations using bagasse to generate electricity periodically utilize fossil fuels such as oil to: (1) start up the generation process; (2) provide power during a temporary shutdown of the bagasse facility due to breakdown or repair; (3) provide power for additional heat when dampened bagasse requires combustible assistance; or (4) fulfill contractual obligations to public utilities for specified amounts of electric power when there is either a shutdown of the bagasse facility or an inadequate supply of bagasse necessitating the use of fossil fuel.

Under current law, the alternate energy producers are responsible for determining

what portion of the electric power generated is based on non-fossil renewable resources and what portion is based on other resources. This has proven to be both a cumbersome and costly process for alternate energy producers.

Your Committee finds that these amendments to S.B. No. 1150, S.D. 1, will: (1) reduce the cost of compliance with section 237-13.5; (2) clarify the applicability of the special tax rate included in that section of the law; and (3) reduce increases in the costs of electric power to the general public.

S.B. No. 1150, S.D. 1, has also been amended by providing that the bill, upon its approval, shall apply to taxable years beginning after December 31, 1980 and shall be repealed as of December 31, 1985.

This bill has been further amended by including a provision directing the Department of Taxation to study and analyze the effect of this bill on the various producers of electric power and report its findings thereon to the State Legislature at least ten days before the convening of the 1985 Session of the Legislature.

Your Committee on Energy, Ecology and Environmental Protection is in accord with the intent and purpose of S.B. No. 1150, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached heretofore as S.B. No. 1150, S.D. 1, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 813 Higher Education on S.B. No. 891

The purposes of this bill is to amend the section on the seed distribution program revolving fund to (1) provide that moneys from the fund may also be used by the agricultural diagnostic service center for diagnostic services on soil, plant tissue, and other matters directly related to the operations of the diagnostic service center and (2) to change the threshold amount of the revolving fund over which any excess amount must be remitted to the state general fund at the end of each fiscal year.

Your Committee on Higher Education has amended this bill by raising the amount the University may retain in the revolving fund from \$100,000 to \$150,000. This change would provide a reserve for equipment replacement for the very sophisticated and expensive equipment the diagnostic service center uses.

Your Committee on Higher Education is in accord with the intent and purpose of S.B. No. 891, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 891, S.D. 2, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Sakamoto.

SCRep. 814 Higher Education on S.B. No. 931

The purpose of this bill is to permit the state post-secondary education commission to cooperate with the federal government, rather than with just the United States Department of Health, Education and Welfare in qualifying the State to receive federal funds. The bill also permits the maximum amount of any grant awarded under the state incentive grant program to equal federal law maximums.

Your Committee finds that this law will provide for a greater number of students to avail themselves of programs of the federal government and recognizes the need to provide greater financial assistance reflective of the increasing costs of higher education.

Your Committee has amended the bill to restrict the use of such funds to aid students enrolled in State schools because of possible constitutional questions related to extending aid to students in non-State Schools.

Your Committee on Higher Education is in accord with the intent and purpose of S.B. No. 931, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 931, S.D. 2, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Sakamoto.

SCRep. 815 Higher Education on S.B. No. 1622 (Majority)

The purpose of this bill is to provide for changes in standards of eligibility and the amount of award from the higher education loan fund in order to make the standards comparable to those of the federal student loan fund.

Your Committee on Higher Education is in accord with the intent and purpose of S.B. No. 1622 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Sakamoto.
(Representative Ige did not concur.)

SCRep. 816 Higher Education on S.B. No. 1720

The purposes of this bill are to increase the maximum annual limit of the University of Hawaii research and training revolving fund from \$600,000 to \$1,000,000 and to require the university to prepare and submit an annual report on the status of the revolving fund to the legislature.

Your Committee finds that the quality of instruction at the University of Hawaii is largely dependent on the university's excellence in research. The ability of the university to excel in research is largely dependent on the financial status of the research and training revolving fund. In the past, the extramural research funds generated by moneys from the revolving fund has enabled the university to make significant contributions in many areas of research.

Under current law, an annual maximum of \$600,000 in funds from various research and training contracts and grants is permitted to be deposited into the revolving fund. This ceiling on the revolving fund has severely limited the ability of the university to acquire additional urgently needed extramural funds for research and to attract distinguished faculty to conduct research. The new ceiling will assist the university to compete more effectively for additional extramural research funds and to attract more distinguished faculty to the university to conduct research.

Your Committee has amended this bill to increase the maximum annual limit of the revolving fund to \$2,000,000 to reflect the specific needs identified by the University of Hawaii.

Your Committee on Higher Education is in accord with the intent and purpose of S.B. No 1720, S.D. 1, as amended herein, and recommends that it pass Second Reading, in the form attached hereto as S.B. No 1720, S.D. 1, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Sakamoto.

SCRep. 817 Judiciary on S.B. No. 1096

The purpose of this bill is to add a third circuit judge to the third circuit court.

The workload of the third judicial circuit, which comprises the island of Hawaii, necessitates the addition of the third judge.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 1096, 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. 818 Judiciary on S.B. No. 163

The purpose of this bill is to authorize the preparation and publication of a new index to the Hawaii Revised Statutes.

Testimony submitted by the revisor of statutes indicated that the present index has reached the stage where it should be republished. Portions of the index have been rendered obsolete by changes in the law and the increasing size of the pocket supplement will soon make further publication of the supplement impractical.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 163, 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. 819 Judiciary on S.B. No. 1681

The purpose of this bill is to establish a Design Professional Conciliation Board and procedures for claims filed against professional engineers, architects, or surveyors. In any action for damages, the complaining individual shall file a claim with the Board. The Board shall consist of three persons who shall review and render findings and advisory opinions on the issue of liability and damages. Notice of a claim shall be given to all parties who may be involved. Any party may file a written response to a claim filed.

At the hearing on the claim, the Board may receive any type of evidence and may in its discretion permit any party or counsel for a party to question other parties, witnesses, or consultants. The Board may subpoena witnesses and invoke the aid of the courts to assure compliance with the subpoena. The Board may encourage parties to settle the case any time prior to the rendition of its advisory decision. Evidence obtained from the hearing is inadmissible in any subsequent litigation except in a situation where a party refuses to cooperate with the Board and is subject to an assessment of costs and fees. Within fifteen days of a hearing, if the case has not been settled or otherwise disposed, the Board is required to file a decision with the Director of Regulatory Agencies who shall mail copies of it to all parties. The filing of the claim with the Board shall toll the statute of limitations until sixty days after the decision is mailed or delivered by the Board to the parties involved.

All parties involved have the duty to cooperate with the Board or be subject to an assessment of costs and fees by the Court. All board members are immune from any defamation action while acting within their capacity as a member of the Board.

The bill also provides that the Director of Regulatory Agencies shall prepare and submit a report to the Legislature annually on the effectiveness of this board.

Your Committee heard testimony from many engineering firms and architects, including the Consulting Engineers Council of Hawaii and the American Institute of Architects.

Your Committee recognizes that this bill would be beneficial in terms of preventing individuals from becoming involved in frivolous and costly suits. There would be assurances that only reasonable and meritorious claims are brought to the court's attention and result in the savings of time and money of all involved.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 1681, 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. 820 Public Assistance and Human Services on S.B. No. 536

The purpose of this bill is to require that an immigrant sponsor of an alien be responsible for support of the immigrant up to three years after the immigrant's arrival in the United States.

The proposal is consistent with recently enacted federal law in the Supplemental Security Income (SSI) Program, which restricts assistance to newly arrived aliens admitted for permanent residence. The law makes the alien's sponsor's responsibility for support, legally enforceable. Currently, once an immigrant alien has permanent status, the individual is eligible for public assistance under the same condition as a citizen and without consideration of income and resources of the sponsor. This law will close the loophole in the SSI program. Without such law, such persons denied SSI will seek State welfare payments. Proposed legislation accommodates circumstances in which a resident alien becomes disabled or blind after entry into the United States.

Your Committee has amended this bill by making a technical non-substantive amendment.

Your Committee on Public Assistance and Human Services is in accord with the intent and purpose of S.B. No. 536, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 536, S.D. 2, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 821 Public Assistance and Human Services on S.B. No. 535

The purpose of this bill is to clarify the language in Section 346-71, General Assistance, by holding parents liable for support of their minor children and each other whether or not the parents are married to each other.

This proposal is consistent with the federal program of Aid to Families with Dependent Children (AFDC). In AFDC, if natural parents, whether married to each other or not, are living with their natural children, the Department enforces support liability on both parents.

The proposed legislation closes the loophole; whereas, currently, the General Assistance law does not clearly allow the Department to include both parents as applicants in behalf of their children and fully consider the income and resources of both parents living in the same household.

Your Committee on Public Assistance and Human Services is in accord with the intent and purpose of S.B. No. 535, 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. 822 Ocean and Marine Resources and Transportation on S.B. No. 878
(Majority)

The purpose of this bill is to provide for a refund to commercial fishers of the 8-1/2 cents state tax on gasoline and the 7-1/2 cents state tax on diesel fuel to commercial fishers.

Your Committees find that the commercial fishing industry has the potential to become a much larger sector of Hawaii's economy, although little progress in developing this industry has been made in the past 50 years. Despite abundant resources, Hawaii's fish catch has remained virtually unchanged over the years. Your Committees further find that recent fisheries studies have identified substantial fishery resources in waters around the Leeward Islands, stretching beyond the 200 mile federally established Fisheries Conservation Zone.

Your Committees find that aviation fuels and other non-highway fuel users such as the farmers, are taxed at a rate of one cent per gallon, and that there is a need for similar exemptions for commercial fishing vessels. Commercial fishing vessels, as defined in this bill are those designated to be used in catching, processing or transporting fish on the high seas and whose principal operator derives at least fifty-one percent of the operators gross annual income from commercial fishing operations.

Your Committees on Ocean and Marine Resources and Transportation fully support the intent of this bill to strengthen the fishing industry in the State by providing the type of tax exemptions enjoyed by other non-highway users.

Your Committees upon consideration, have amended Section 1 of the bill to delete the proposed amendment to Subsection 243-4(b), since the language of the existing Subsection 243-4(b) applies to commercial fishing vessels and such vessels are presently entitled to the 7-1/2 cents diesel fuel tax exemption.

Your Committees on Ocean and Marine Resources and Transportation are in accord with the intent and purpose of S.B. No. 878, S.D. 2, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 878, S.D. 2, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committees except Representatives de Heer and Sakamoto.
(Representative Dods did not concur.)

SCRep. 823 Water, Land Use, Development and Hawaiian Affairs on S.B. No. 1321

The purpose of this bill is to establish county advisory commissions to assist the county central coordinating agencies (CCA's) in the performance of their duties.

In an effort to improve the coordination and efficiency of the state and county land use and planning control systems, Act 74, Session Laws of Hawaii 1977, mandated each county to designate an existing agency as a central coordinating agency.

Your Committee finds that although progress has been made toward implementing Act 74, the advisory commissions to be established are necessary to provide expert technical participation in the activities of the CCA's.

Your Committee on Water, Land Use, Development and Hawaiian Affairs is in accord with the intent and purpose of S.B. No. 1321, 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. 824 Water, Land Use, Development and Hawaiian Affairs and Ocean and Marine Resources on S.B. No. 2101

The purpose of this bill is to permit the Hawaiian Homes Commission to grant aquaculture and mariculture homestead leases to eligible persons. Aquaculture and mariculture loans will also be permitted from the Commission's Aquaculture and Mariculture Loan Fund created by this bill.

Your Committee finds that there is no authority at present for aquacultural or maricultural leases; there is a demand for such leases; there are lands available for such leases; such small scale operations can be economically successful; and the idea is compatible with the state's desire to enhance the economic opportunities of the Hawaiian Homes residents as well as promote diversification of the state's economic base.

Your Committees on Water, Land Use Development and Hawaiian Affairs and Ocean and Marine Resources are in accord with the intent and purpose of S.B. No. 2101, 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.

SCRep. 825 Water, Land Use, Development and Hawaiian Affairs on S.B. No. 2099

The purpose of this bill is to allow board members of the Office of Hawaiian Affairs (OHA) be reimbursed for travel expenses incurred while on official business.

Your Committee finds that the present law on the subject is confusing and unfair in that it limits reimbursement for per diem expenses only when attending board meetings on an island other than the island on which they reside. This is manifestly unfair in that the conduct of official business is not confined to board meetings and board members should not be expected to personally pay for expenses incurred while on other kinds of official business.

Section 296-5 relating to the Board of Education covers the matter of compensation for board meetings and reimbursement for official business expenses. It has been tested and found to be operationally sound.

Your Committee has amended the bill to allow the same benefits for OHA board members: (1) Compensation at the rate of \$50 per day for each day's actual attendance at meetings; (2) Transportation fares between islands and abroad; and (3) Personal expenses at the rates specified by Section 78-15, while attending board meetings or while on official business as authorized by the chairperson, when such board meetings or official business shall require a member to leave the island upon which the member resides.

Your Committee on Water, Land Use Development and Hawaiian Affairs is in accord with the intent and purpose of S.B. No. 2099, S.D. 2, as amended herein, and recommends that it pass Second Reading and be referred to the Committee on Finance, in the form attached hereto as S.B. No. 2099, S.D. 2, H.D. 1.

Signed by all members of the Committee.