

CONFERENCE COMMITTEE REPORTS

Conf. Com. Rep. No. 1 on H.B. No. 659

The purpose of this bill is to extend the repeal date of Chapter 444, Hawaii Revised Statutes, relating to the Contractors Licensing Board, from December 31, 1983 to December 31, 1989. The Board was originally scheduled to be sunsetted as of December 31, 1983.

The bill also provided for the following amendments:

- (1) Section 444-11(4), requiring that an applicant for a contractors license be a resident of the State for one year, was deleted on the basis of probable unconstitutionality.
- (2) Section 444-12(b), requiring that every license application be accompanied by at least two certificates swearing "that the applicant bears a good reputation for honesty, truthfulness, and fair dealing," was also deleted on the same basis as Section 444-11(4).
- (3) The maximum amount obtainable by an injured party from the Contractors Recovery Fund, as provided in Section 444-26, was raised from \$10,000 to \$15,000, and the initial contribution into the fund was raised from \$150 to \$250 per licensee. In addition, the maximum liability for any licensed contractor, as provided in Section 444-34, was raised from \$20,000 to \$30,000. These increases reflect increased costs and were designed to provide additional protection for consumers.
- (4) The minimum balance at which action must be taken to replenish the Contractors Recovery Fund, as provided in Section 444-27, was raised from \$150,000 to \$250,000, and the additional contribution should the fund drop below the minimum, was raised from a maximum of \$150 to a maximum of \$250, to reflect increased costs and to afford a greater measure of protection to consumers.

Your Committee upon further consideration has made the following amendments to H.B. No. 659, S.D. 1.

- (1) Increases the maximum amount recoverable by an injured party from the Contractors Recovery Fund from \$10,000 to \$12,500;
- (2) Provides for the retention of the current fee of \$150 which each applicant must deposit initially in the Contractors Recovery Fund; and
- (3) Increases from \$20,000 to \$25,000 the maximum liability of the Contractors Recovery Fund for any licensed contractor.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 659, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 659, S.D. 1, C.D. 1.

Representatives Shito, Kim, Ikeda, Taniguchi and Tom,
Managers on the part of the House.

Senators Cobb, Chang, Soares and Yamasaki,
Managers on the part of the Senate.

Conf. Com. Rep. No. 2 on H.B. No. 286

The purpose of this bill is to eliminate the position of secretary and treasurer of the board of barbers; to assign an executive secretary to service the board, to eliminate the requirement that three board members be Oahu residents and two board members be residents of the neighbor islands; and to change the board's meeting dates from the second Tuesday of January and July to once in January, April, July, and October of each year.

Your Committee upon further consideration has made nonsubstantive bill drafting amendments to H.B. No. 286, H.D. 2, S.D. 1, to correctly change the reference to the "director of regulatory agencies" to the "director of commerce and consumer affairs"

by use of brackets and underscoring .

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 286, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 286, H.D. 2, S.D. 1, C.D. 1.

Representatives Shito, Andrews, Hayes, Honda, Levin and Ikeda,
Managers on the part of the House.

Senators Cobb, Chang, Holt and Soares,
Managers on the part of the Senate.

Conf. Com. Rep. No. 3 on H.B. No. 278

The purpose of this bill is to increase from 15 to 30 days the initial period in which the insurance commissioner must approve or disapprove rate filings, require an announcement of such filings to all insureds, and delete retroactive application of the rate increases.

Your Committee recognizes that technological and logistical requirements of rate review require additional time. It also believes that rate increases should not be retroactive.

Your Committee upon further consideration amended H.B. No. 278, H.D. 1, S.D. 1 to require that announcements only apply to approved workers compensation filings, instead of to all casualty and property filings. The announcement must be published in a newspaper of general circulation in the State at least 30 days prior to the effective date.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 278, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 278, H.D. 1, S.D. 1, C.D. 1.

Representatives Shito, Kim, Lardizabal, Matsuura and Ikeda,
Managers on the part of the House.

Senators Cobb, Uwaine and Henderson,
Managers on the part of the Senate.

Conf. Com. Rep. No. 4 on H.B. No. 274

The purpose of this bill is to improve the operation and administration of the law relating to motor vehicle reparations by clarifying the definition of "motor vehicle", requiring insurers to pay no-fault claims within 30 days, providing that payment of no-fault benefits be paid primary to social security and workers' compensation benefits, and allowing the insurance commissioner to award attorney's fees in no-fault administrative hearings and retain jurisdiction over claims which exceed \$5,000 solely by virtue of late-payment penalties.

Your Committee feels that requiring payments within 30 days of receipt by the insurer of reasonable proof of claim and demand for payment will assure that accident victims are paid within a reasonable amount of time. There was testimony that some insurers excessively delay payments to their insureds. Presently, there is no requirement that an insurer pay a no-fault claim within any time period although interest begins to accrue after 30 days at 1 1/2% per month. This bill also imposes a penalty for untimely payment.

Upon further consideration, your Committee has amended H.B. No. 274, H.D. 1, S.D. 1, to provide that no-fault benefit payments be made secondary to worker's compensation payments and primary to social security payments, and to correct typographical errors.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 274, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 274, H.D. 1, S.D. 1, C.D. 1.

Representatives Shito, Kim, Baker, Ikeda and Lardizabal,
Managers on the part of the House.

Senators Cobb, Chang and Henderson,
Managers on the part of the Senate.

Conf. Com. Rep. No. 5 on H.B. No. 502

The purpose of this bill is to allow the testing of newborn children for congenital hypothyroidism and phenylketonuria (PKU) and to direct the department of health to adopt rules concerning administration of the tests, record keeping, and the reporting of positive test results.

Your Committee finds that it is necessary to test newborn infants for both hypothyroidism and PKU. Existing law requires the PKU test only. Most physicians choose to test newborn children for both diseases since failure to diagnose and treat them results in profound mental retardation that often requires institutionalization. However, the department of health estimates that each year approximately 900 infants are not tested for hypothyroidism.

Your Committee has amended the bill to mandate testing of newborn children for hypothyroidism and PKU, provided the tests do not conflict with parents' or guardians' religious beliefs. Page 1, section 2 of the bill has been amended accordingly.

The bill, in its present form, requires the department of health to administer reporting and recordkeeping programs for hypothyroidism and PKU. Your Committee finds this entails the design and maintenance of a registry for the 18,000 infants born each year. Although the registry is presently mandated for PKU tests, the department cannot maintain it due to lack of funding. It appears that newborn infants are tested for PKU and the requirement in Section 3331, Hawaii Revised Statutes, pertaining to PKU tests, is met. Thus, your Committee has amended the bill by deleting the department's responsibility for administering reporting and recordkeeping programs for hypothyroidism and PKU. Page 1 and 2, section 2 of the bill has been amended accordingly.

It is emphasized that your Committee does not oppose the registry as a means of ensuring the testing and immediate treatment of newborn infants. Your Committee does expect the department of health to initiate action by way of a budget request for the establishment and maintenance of a registry for hypothyroidism and PKU testing.

Your Committee has made technical, nonsubstantive amendments, including a new title for Chapter 333, Part 1, Hawaii Revised Statutes.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 502, HD2, SD2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 502, HD2, SD2, CD1.

Representatives Baker, Chun, Hagino, Ige and Ikeda,
Managers on the part of the House.

Senators Kobayashi, Machida and Ajifu,
Managers on the part of the Senate.

Conf. Com. Rep. No. 6 on S.B. No. 236

The purpose of this bill is to require the Board of Medical Examiners to develop standards for informed consent, insofar as practicable, commencing with mastectomies.

Current law requires the Board to provide standards for informed consent across the full range of medical procedures. However, the issue of just what constitutes the proper information to be conveyed to breast cancer patients continues to be a concern because the ailment is relatively common and is widely treated by a procedure that is disfiguring and psychologically deeply disturbing.

This bill directs the Board of Medical Examiners to establish standards for giving information to mastectomy patients or their guardians by January 1, 1984, such standards to include the substantive content of the information to be conveyed and the manner in which information and consent are to be given. The substantive content of the information is to include the recognized alternative forms of treatment.

Your Committee is cognizant of the fact that there are literally thousands of medical procedures subject to consent and that the Board cannot be reasonably expected to develop standards for each one. However, there are some procedures that are so controversial and serious that they should receive special attention. Accordingly, your Committee intends that the Board should proceed as expeditiously as possible to address controversial procedures, such as mastectomy, and report its progress to the 1984 Legislature, together

with its plans for the further development of informed consent standards. Your Committee notes that to comply with this directive, the Board may have to defer developing standards for routine, noncontroversial, or well-established procedures.

Your Committee has amended the bill by reinserting the language, inadvertently omitted from H.D. 1, which provides that if the standards established by the Board include provisions designed to inform a patient or a patient's guardian of various factors and alternatives, "then the standards shall be admissible as evidence of the standard of care required of the health care providers." This addition does not alter the intent or purpose of the measure but rather corrects a drafting oversight.

Your Committee has further amended the bill by making technical changes which have no substantive effect.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 236, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 236, S.D. 1, H.D. 1, C.D. 1.

Representatives Baker, Stanley, Apo, Hagino, Hirono, Leong and Ikeda,
Managers on the part of the House,

Senators Machida, Kobayashi and Young,
Managers on the part of the Senate.

Conf. Com. Rep. No. 7 on H.B. No. 1434

The purpose of this bill is to seek the return of borrowed public library materials on a timely basis and to assess a nominal penalty to borrowers if library materials are not returned one day past the due date.

Presently, a person who wilfully and knowingly detains any library material for seven days after the mailing date of a written notification is subject to a nominal charge set by the State Board of Education. Your Committee finds that the present provisions for assessing charges are impractical because it is difficult to prove that a person "wilfully and knowingly" failed to return borrowed library materials. Also, the requirement for written notice causes excess paperwork for the libraries' limited staff. This bill helps to alleviate these problems by deleting the words "wilful" and the words "wilfully and knowingly" from Section 3123.5, Hawaii Revised Statutes, and imposing a charge if the borrowed materials are not returned one day after the due date.

Your Committee on Conference, upon further consideration, has amended H.B. No. 1434, H.D. 1, S.D. 1, by deleting lines 8 through 21 on page 2. The paragraph deleted addressed the responsibilities of minors and parents or guardians of minors when library materials are overdue. Your Committee on Conference feels that this area of concern should be addressed by the State Board of Education when it implements the assessment of library fines.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1434, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1434, H.D. 1, S.D. 1, C.D. 1.

Representatives Hashimoto, Hee, Menor, Nakasato, Say and Dang,
Managers on the part of the House.

Senators Solomon, Mizuguchi and Ajifu,
Managers on the part of the Senate.

Conf. Com. Rep. No. 8 on H.B. No. 314

The purpose of this bill is to authorize the Hawaii Housing Authority (HHA) to issue taxable revenue bonds to assist lessees in financing the acquisition of the fee title to leasehold properties converted under the Land Reform Act. This bill also amends the Land Reform Act to address concerns of the February 1982 Legislative Auditor's Management Audit of the land reform program.

Approximately 5,500 leasehold lots have been converted to fee simple ownership under the Act, with an additional 7,100 lots in the conversion process. HHA estimates that approximately \$225 million would be needed to finance the lots undergoing conversion.

While the transfer of ownership of these properties cannot take place under judicial condemnation proceedings (as distinguished from transfer of ownership which still can be effected through voluntary negotiations) until the constitutionality of the Land Reform Law is decided by the courts, it is estimated that \$55 million will be needed to finance the lots already converted, as many are under shortterm agreements of sale with landowners.

This bill establishes a "Fee Title Acquisition Loan Program" which would allow HHA to issue taxable securities, the proceeds of which would be used to purchase newly originated fee title acquisition mortgage loans from private lending institutions.

For a variety of reasons, relatively few loans have been made by local lenders to lessees to finance the purchase of the leased fee interest. The primary reason is the inability of the lenders to "sell" these loans in the secondary mortgage market. Although the Federal National Mortgage Association (FNMA), a secondary mortgage purchaser, has recently initiated a direct purchase program, it is too soon to predict whether this FNMA program will be acceptable to lenders, or whether FNMA's program will be of long-term duration. The program established by this bill is viewed as a "stand-by" to be initiated if local lenders and FNMA do not provide the funds needed to make loans to lessees. This bill's loan program is not intended to compete with existing lending institutions, nor is it intended to provide below-market interest loans to lessees. Your Committee has been assured that HHA and the lenders must work cooperatively, since this program cannot be implemented without the assent of the lenders to serve as the primary market originating the loans. HHA will act as the conduit between the primary lenders and the national capital markets, Mortgage lenders and HHA, as a team, represent the interface between the homeowners who are buying their fee interest and the bond investors who are supplying the necessary funds.

Your Committee wishes to emphasize that the fee title acquisition loan program will not have any impact on the State's financing abilities nor cost the State any expense. All expenses incurred will be paid from program revenues or bond proceeds. In addition, since HHA would be issuing taxable, rather than tax-exempt securities, there would be little effect on the State's ability to raise money from the sale of general obligation or revenue bonds because the investors in the two markets form two distinct segments of the bond market.

This bill also amends the Land Reform Act to address concerns in the February 1982 Legislative Auditor's Management Audit of the Land reform program. Specifically, the bill (1) allows the Authority to collect deposits from lessees upon application to purchase fee title to their residential property; (2) ensures that the Authority is reimbursed for administrative costs by lessee who withdraw during the conversion process; (3) eliminates the statutory limit on the lessee's deposit; (4) clarifies the Authority's liability for deposits collected; and (5) provides that interest earned on moneys deposited by lessees accrue to the lessees.

Your Committee upon further consideration has made the following amendments to H.B. 314, S.D. 2:

- 1) A new section has been added to authorize HHA to issue up to \$50 million in taxable revenue bonds.
- 2) Technical changes were made to the bill which have no substantive effect.

Your Committee on Conference is in accord with the intent and purpose of H.B. 314, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 314, S.D. 2, C.D. 1.

Representatives Hirono, Kiyabu, Chun, Shito, Tam and Ikeda,
Managers on the part of the House.

Senators Yamasaki, Solomon, Young and Ajifu,
Managers on the part of the Senate.

Conf. Com. Rep. No. 9 on H.B. No. 1232

The purpose of this bill is to clarify the existing statute which allows the Hawaii Housing Authority (HHA) to submit to the appropriate county legislative body preliminary plans and specifications, instead of final plans, in order for HHA to obtain exemptions from zoning and construction standards.

Currently, under Section 3594.1, Hawaii Revised Statutes, HHA is allowed to seek exemptions from certain zoning and construction standards for housing projects developed by, or with the assistance of, HHA. The statutory language presently is unclear as to whether HHA must submit, to the appropriate county legislative body, not only preliminary, but also final plans and specifications to obtain exemptions for a development project. Submitting final plans to the county legislative body necessitates the expenditure of a considerable amount of money, with no assurance to HHA or the developer that the project will be approved by the body.

This bill is not intended to circumvent the requirement that after approval of a project by the county legislative body based on submittal of preliminary plans, final plans and specifications must be submitted to the appropriate county agencies for review and approval, consistent with the legislative body's approval of exemptions from certain zoning and construction standards. With regard to the county legislative body, preliminary plans would be sufficient for the county council members to make a determination on whether or not the proposed project should be exempted from certain zoning and construction standards, which determination is the purview of the county legislative body under Section 359G4.1.

Your Committee upon further consideration amended the bill to ensure that if changes are made to the preliminary plans, involving the previously approved exemptions, then subsequent review and approval by the county legislative body would be required.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1232, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1232, H.D. 1, S.D. 1, C.D. 1.

Representatives Hirono, Apo, Leong, Morgado, Tam and Jones,
Managers on the part of the House.

Senators Young, Yamasaki and Ajifu,
Managers on the part of the Senate.

Conf. Com. Rep. No. 10 on H.B. No. 800

The purpose of this bill is to provide that upon entry of a final divorce decree, in which the division of property has been deferred, the property rights of the parties will be governed by the provisions of the Uniform Probate Code, chapter 560 of the Hawaii Revised Statutes, as well as other relevant provisions of law.

The measure also proposes to amend the time limit to resolve the deferred issue of property division from one year to six months, after which time the divorced spouse loses entitlement to dower, curtesy, or any share in the spouse's property.

Your Committee upon further consideration has amended the bill by declining to decrease the time period to determine the reserved issue of property division from one year to six months because it finds that six months is too short a period for the Family Court to resolve property issues.

Your Committee also has made technical, nonsubstantive amendments to the bill.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 800, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 800, S.D. 1, C.D. 1.

Representatives Stanley, Kim, Tom and Medeiros,
Managers on the part of the House.

Senators Cobb, Machida and George,
Managers on the part of the Senate.

Conf. Com. Rep. No. 11 on S.B. No. 450

The purpose of this bill is to prohibit resident managers and managing agents from voting or casting proxies at any board meeting on any issue in which the manager or agent has a conflict of interest.

Currently the statute only restricts members of the Board of Directors from voting

or casting proxies if there is a conflict of interest. Your Committee finds that extending the prohibition to resident managers and managing agents, in such circumstances, is essential to fair condominium management.

Your Committee has amended the bill by deleting the reference to paragraph (14), which occurred on page 5, lines 8 and 9. Your Committee finds the reference to be misplaced and out of context.

Your Committee has further amended the bill by making a technical change which has no substantive effect.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 450, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 450, S.D. 1, H.D. 1, C.D. 1.

Representatives Shito, Hayes, Hirono, Honda and Ikeda,
Managers on the part of the House.

Senators Cobb, Uwaine and Henderson,
Managers on the part of the Senate.

Conf. Com. Rep. No. 12 on S.B. No. 55

The purpose of this bill is to replace existing state statutes which regulate the operation of profit corporations with an amended version of the Model Business Corporation Act ("Model Act").

Your Committee notes that various provisions of the Model Act have in the past been used as a basis for the revision of certain provisions of Hawaii corporation law. Your Committee also notes that over twenty states have adopted the basic form and substance of the Model Act.

This bill amends present Hawaii law extensively in numerous areas and adds provisions in areas where present law is silent. Other drafts of this bill have conformed various provisions of the Model Act to Hawaii Law. Additionally, other provisions have been added in Section -54 and Section -125 which require certain additional information of incorporators, directors, officers and stock subscribers of corporations, both in initial documentation and in annual statements filed with the Department of Commerce and Consumer Affairs.

Your Committee finds that the enactment of this bill will provide corporations and corporate practitioners with the advantage of the drafters' comments and stated intent, and an established body of judicial interpretation collected from jurisdictions that have adopted the Model Act. In those areas where existing Hawaii law is incorporated into the bill, existing Hawaii case law will continue as a basis for interpretation.

Your Committee has amended the bill by deleting provisions in the bill relating to permissive increases in share voting requirements beyond a simple majority for the approval of certain corporate actions in Sections -59(c), -73(a), -79(c) and -84(c). Your Committee finds that the provisions of Section -143 adequately address this discretionary right of share holders.

Your Committee has also made technical corrections to the bill.

A summary of the major substantive provisions of this bill and its relation to current Hawaii Law is as follows:

New Provisions in Model Act:

<u>Model Act Section</u>	<u>Model Act Provision</u>
-2	Provides definitions of certain terms used throughout Model Act.
-7	The defense of ultra vires, where an act or conveyance is invalidated because of incapacity of the corporation to so act, is abolished except in certain actions.

<u>Model Act Section</u>	<u>Model Act Provision</u>
-17	Provides specific procedures for subscription and payment of shares.
-20	Issuance of rights or options by corporation for purchase of its shares.
-24	Provisions for dealing with fractional share interests.
-28	Provisions for calling special shareholder meetings are included in the Model Act.
-29	Specific requirements for notice to shareholders of annual meetings.
-30	Model Act specifies purposes and dates for the closing of stock transfer books and fixing of record date.
-31	Personal liability for corporate agent for damage to a stockholder for failing to maintain stockholder lists.
-32	Specifies that quorum is a majority of shares entitled to vote at a meeting unless the articles provide otherwise, in which case, quorum may not be set at less than one-third of the shares entitled to vote.
-33	Specific recitation of voting rights of treasury, pledged and redeemed shares.
-35	Directors need not be shareholders unless specified by the corporation; directors deemed to assent unless dissent is recorded.
-36	Number of directors may be changed by amendment to the articles or by-laws.
-40	Establishes a quorum requirement for action taken by directors.
-41	Establishes standards for the transaction of corporate business where directors have a conflict of interest.
-43	Provisions for the time, place and notice of board meetings are established.
-49	Codifies existing rules of court and common law regarding shareholder derivative actions.
-51	Removal of officers authorized by directors.
-55	Filing procedures and requirements set forth in one section.
-57	Establishes requirement that the board meet after filing the articles to adopt by-laws, elect officers and transact other business.
-58	Provides list of acceptable amendments to articles.
-63	Specifies the effect of an amendment to the articles of a corporation.

<u>Model Act Section</u>	<u>Model Act Provision</u>
-65	Permits amendments to the articles of incorporation in reorganization.
-72A	Share exchanges to combine corporations are authorized.
-82	Incorporators may voluntarily dissolve the corporation prior to commencement of business and issuance of shares.
-88	Revocation of voluntary dissolution by shareholders is permitted before the certificate of dissolution issued, by the unanimous written consent of the shareholders.
-89	Revocation of voluntary dissolution by the board with the approval of a majority of shareholders.
-90, -91	Statement of revocation of voluntary dissolution required to be filed, at which time dissolution ceases and business is resumed.
-104	Provisions established for the disposition of assets belonging to shareholders or creditors who cannot be located, are unknown or who cannot receive such assets, according to the State Uniform Unclaimed Property Act.
-105	Preserves tort remedies against dissolved corporation for two years after date of dissolution or the date of the event giving rise to the claim.
-108	Foreign corporation's name must contain a word indicating corporate status and must be consistent with its purpose as stated in its articles.
-109	Authorizes the suspension of the certificate of a foreign corporation when it changes its name to one not allowed.
-113	Registered agent may be a corporation.
-122	Issuance of certificate of revocation of authority to transact business by a foreign corporation by director authorized.
-123	Applies provisions of Model Act to foreign corporations currently authorized to do business.
-127	Provides authority for the director to charge fees.
-129	Fee of \$25.00 to be assessed for certification of document and for service of process on the director.
-136	Penalty for failure to answer on interrogatory of the director or who knowingly signs a false statement is guilty of a misdemeanor.
-137	Director is authorized to require answers to interrogatories from corporations to determine if provisions of the Act are being complied with.

<u>Model Act Section</u>	<u>Model Act Provision</u>
-138	Interrogatories and responses thereto are not open for public inspection.
-139	Delegation of power to administer the provisions of the act and to promulgate rules.
-140	Corporation is authorized to appeal the disapproval of a document by the director to a court.
-142	Forms issued by the director required to be used.
-143	Provides shareholders the right to raise shareholder approval requirements for any shareholder action as long as the minimum prescribed requirements are met.
-144	Waiver of notice for directors' meetings specifically provided for.
-146	Liability for debts and damages for all persons who assume to act as a corporation without authority established.
-147	Application of the act is to all corporations.
-148	Provisions of act apply to foreign and interstate commerce to the extent not inconsistent with federal laws, treaties of the constitution.

Similar provisions in Model Act and existing Hawaii law:

<u>Model Act Section</u>	<u>Hawaii Law Section</u>	<u>Provision</u>
-2	417E-1	Relevant definitions related to takeover bids included.
-3	416-1	Corporations allowed to organize for any lawful purpose.
-4	416-26	General powers of a corporation.
-5	416-35	Indemnification of corporate officers, directors, employees and other agents for expenses incurred in the defense of suits brought against them because of their relationship with the corporation.
-6	416-28	Allows corporation to repurchase its shares.
-8	416-11, 416-12	Guidelines for corporate names. Model Act states specifically that a corporate name may not be misleading, as is the practice in Hawaii.
-9	416-13	Corporate names may be reserved.
-14	416-131	Service of process on a corporation.

<u>Model Act Section</u>	<u>Hawaii Law Section</u>	<u>Provision</u>
-15	416-58, 416-59	Issuance of shares in one or more classes; convertible shares.
-16	416-58	Division and issuance of special and preferred classes of stock in series and fixing of the rights of the series of stock.
-17	416-92	Liability of subscribers of stock and calls for payment of subscription.
-18	416-57, 416-59, 416-28, 416-56	Consideration for shares issued by the the corporation; reference to specific consideration and rights deleted.
-19	416-56	Consideration for stock.
-22	416-57	Permits organizational expenses from consideration for shares.
-23	416-54, 416-52	Execution of stock certificates; disclosure on stock certificates.
-25	416-92	Shareholder has no obligation to corporation or its creditors beyond the full consideration for the shares owned; transferees who take stock in good faith are not liable for unpaid portions.
-26	416-24	Corporations allowed to restrict, by its articles, shareholders' preemptive rights.
-27	416-79	Adoption, amendment, and repeal of by-laws; contents of by-laws.
-28	416-72	Requirements for shareholder meetings.
-31	416-51	Corporation required to maintain list of shareholders and interests.
-33	416-71, 416-74, 416-76	Shareholders may vote in person or by proxy; existing cumulative voting procedures are adopted; voting rights of fiduciary and agents.
-34	416-75	Voting trusts permitted.
-35	416-91.5, 416-4	Functions, qualifications and duties of directors and the board of directors; one director must be a resident of Hawaii.
-36	416-4, 416-11.5	Required number of directors conformed to current law; initial number of directors fixed by the articles.
-42	416-80	Executive committees of the board may be created.
-44	416-82	Action by directors without a meeting permitted with unanimous written consent.
-45	416-91	Distribution of assests may be made to shareholders; reference to dividends deleted.
-47	416-26	Permit loans to officers and directors.

<u>Model Act Section</u>	<u>Hawaii Law Section</u>	<u>Provision</u>
-50	416-18	Officer requirements.
-52	416-51, 416-34	Hawaii law incorporated into Model Act.
-53	416-11	One or more persons may be incorporators; Model Act provides that a corporation may be an incorporator.
-54	416-11	Contents of articles in Model Act substantially similar to current law.
-56	416-16	Effect of filing of articles.
-59	416-23	Amendments to articles of corporations incorporated prior to July 1, 1986, shall be by a vote of two-thirds of the shares, unless, the corporation elects to lower its approval requirement to a majority.
-64	416-23	Resolution required to submit amended articles to the department.
-71 -72	417-2, 417-3	Allows domestic corporations to merge or consolidate; approval of the plan of merger or consolidation is through the board.
-73	417-4	For corporations existing prior to July 1, 1986, the shareholder approval requirement for mergers and consolidations remains at three-fourths of the outstanding shares, unless the requirement is lowered.
-74	417-6	Articles of merger, consolidation or exchange, similar to the current certificate of approval, must be filed.
-75	417-42	Merger of a subsidiary corporation into the parent owning at least 90 percent of the stock, need only be approved by the parent's board.
-76	417-8, 417-13	Legal effects of merger, consolidation or exchange.
-81	417-21	Dissenter's demand for fair value may be withdrawn only with the consent of the corporation.
-81	417-25	Appraisers may be appointed by the court to value dissenters' shares in lawsuits.
-83	416-78 416-121	Voluntary dissolution of corporation by shareholders requires unanimous written consent.
-85	416-121	Statement of intent to dissolve required to be filed after corporate authorization.
-86	416-121	Corporation ceases regular business upon the filing of its statement of intent.
-94	416-122	Involuntary dissolution is authorized.

<u>Model Act Section</u>	<u>Hawaii Law Section</u>	<u>Provision</u>
-95	416-122	Procedures for involuntary dissolution.
-96	416-84	Provisions for court appointment of a provisional director to break deadlocked boards.
-97	416-23	Power of the courts to dissolve and liquidate the assets of a corporation under certain circumstances.
-98	416-128(b)	Judicial procedure for liquidation by court of a corporation.
-99	416-128(c)	Qualifications of receivers in dissolution.
-100	416-128(d)	Procedure for the filing of claims by creditors in liquidation.
-101	416-128(e)	Authority to discontinue liquidation proceedings.
-102	416-128(f)	Entry and filing of a decree of dissolution.
-106	418-1, 418-6	Certificate of authority to transact business in the state required; certain activities not considered to be transacting business for purpose of certificate requirement.
-107	418-7	Powers of a registered foreign corporation similar to those of domestic corporation.
-108	418-4	Foreign corporations prohibited from using a name similar to a corporation already doing business in the state.
-110	416-1	General contents of application of a foreign corporation to do business in the state.
-111	418-1	Application to be filed with the director.
-113	418-3	Foreign corporations required to maintain a registered agent and office in the state.
-114	418-3	Allows foreign corporations to change its registered agent upon notice to the director, and for the resignation of the agent.
-115	416-131	Service of process same as on domestic corporation.
-119	418-14	Withdrawal of authority to do business of foreign corporation.
-120	418-14	Withdrawal effective upon issuance of the certificate of withdrawal.
-126	416-95	Filing dates for annual reports of both domestic and foreign corporation is retained.
-128	416-97	Fee schedules basically similar to existing law.
-131	418-9	Annual fee schedule for foreign corporation retained.
-135	416-95, 418-10	Penalties to be imposed upon domestic and foreign corporations for failure to file annual reports are retained; current penalties applicable solely to foreign corporations are deleted.

<u>Model Act Section</u>	<u>Hawaii Law Section</u>	<u>Provision</u>
-141	416-5	All certificates and documents certified by the director shall <u>prima facie</u> evidence of the facts stated therein.
-144	416-77	Waiver of notice for shareholders' meetings retained.
-145	416-7	Authorization of shareholder action without a meeting retained.
-150 to -161	417E-2 to 417E-9, 417E-11 to 417E-14	Provisions for regulation and administration of take-over bids incorporated from Chapter 417E.

Changes to existing Hawaii law:

<u>Model Act Section</u>	<u>Hawaii Law Section</u>	<u>Change</u>
-3	416-1	Exception in existing law for the incorporation of professional corporations not included in purpose section.
-9	416-13	Model Act permits reservations of corporate names for 120 days as opposed to 60 days under current law.
-17	416-55	Procedures for public auction of shares to pay for subscription agreement not contained in Model Act.
-19	416-56	Standard of care that board of directors must meet in fixing consideration for shares.
-23	416-52	Model Act requires full statement, as opposed to summary under current law, of rights, preferences, and limitations of each class and series of stock on the stock certificates.
-23	416-53	Stock certificates may not be issued until fully paid for.
-27	416-79, 416-80	Model Act does not provide for power of incorporators to adopt initial by-laws; specific items for by-law inclusion of Section 416-80 not in Model Act.
-28	416-72, 416-73	Model Act does not specify a date for shareholders' meetings; shareholder is authorized to apply to the circuit court for an order compelling a meeting if none is held in 13 months under the Model Act; under current law, the shareholder may call an annual meeting if the corporation does not do so after demand is made.
-34	416-75	Voting agreements treated separately from voting trusts.
-37	416-80	Specifies that classified boards must be in two or three classes and must have a minimum total of nine directors.
-38	416-74	Procedure established for the filing of vacancies on the board; current law allows the corporation to set its own procedure.

<u>Model Act Section</u>	<u>Hawaii Law Section</u>	<u>Change</u>
-39	416-80	Standards established for renewal of directors; current law allows a corporation to set its own standards.
-42	416-80	Imposes specific limitations on the powers of executive committees of the board.
-45	416-91	Determination of whether distribution to shareholders can be made revised extensively.
-48	416-91	Current standard of strict liability for deviation from statutory requirements in the payment of dividends is amended to standards contained in Model Act.
-59	416-23	Amendments to articles must be initiated by the board; voting may take place at an annual or special meeting; notice to shareholders; amendments may be made to articles of corporations incorporated after July 1, 1986 by the approval of a majority.
-60	416-23	Classes of stock will be entitled to vote on a proposed amendment, whether or not the effect on the class is adverse.
-61	416-23	The verified certificate will be replaced by a required filing of an article of amendment.
-71 -72	417-3	Model Act eliminates prohibition on distribution of assets to shareholders as part of a merger or consolidation in certain situations.
-73	417-4	Shareholders limited to accepting or rejecting plan of merger or consolidation; current law authorizes approval subject to modification or approval with modification to be made; for corporations incorporated after July 1, 1986, the shareholder approval requirement is a majority.
-76	417-12	No Model Act provision to deal with surplus of constituent corporation after merger or consolidation.
-77	417-16, 417-17	Model Act requires vote of three-fourths of shares of domestic corporation entitled to vote to approve a merger with a foreign corporation; current law requires three-fourths of all issued and outstanding shares to approve; Model Act does not have special treatment for fiduciary companies, utilities and financial institutions.
-78	416-33	Model Act differentiates between sale or disposition of assets in the regular course of business and not in the regular course of business.
-79	416-33	Minimum notice must be given to shareholders prior to sale; shareholder approval requirement for such sales is a majority for corporations incorporated after July 1,

<u>Model Act Section</u>	<u>Hawaii Law Section</u>	<u>Change</u>
		1986 in contrast to the present three-fourths requirement; miscellaneous provisions.
-80	417-19	Shareholders may, in addition to mergers, dissent to consolidations, share exchanges, and sales of assets not made in the regular course of business under the Model Act; shareholders may not dissent as to less than all shares held.
-81	417-19, 417-20	Dissenting shareholders required to file written objections prior to the proposed action and a separate demand for the shares' fair value (contrasted with fair market value in existing law) after the approval of the action; existing law only requires one written demand; depreciation and appreciation resulting from anticipated action is not considered in fair value; time restrictions for notification by the dissenting shareholder are amended.
-81	417-22	Model Act requires the surviving corporation to offer to purchase the dissenting shares; current law requires the constituent corporation to satisfy dissenter; time limits are imposed on the corporation to purchase dissenting shares after agreement.
-81	417-23	In cases where the corporation and dissenting shareholder cannot agree on the value of shares, burden of bringing action in court shifted from shareholder to corporation.
-81	417-24	All dissenters are to be made parties to lawsuit to fix value without need for joinder and intervention.
-81	417-25	Court has the power to fix interest amount owed for dissenting shares.
-84	416-121	For corporations incorporated after July 1, 1986, a majority vote of the shareholders is required to approve board action to dissolve; present law requires a three-fourths vote.
-87	416-121, 416-122	Corporation, instead of trustee under current law, is responsible for the winding up of the corporation; Model Act allows the corporation to petition the court to liquidate.
-92, -93	416-125	Articles of dissolution upon completion of the dissolution process must be filed within five years; present law provides one year for winding up.
-94	416-122	Grounds for involuntary dissolution amended.
-110	418-1	Application of foreign corporation to do business in the state must give an estimate of all corporate property to be located in the state, of its gross business and of its gross business to be conducted in the state.
-110	416-4, 418-7	No requirement of \$1,000 minimum capital and \$50 filing fee.

<u>Model Act Section</u>	<u>Hawaii Law Section</u>	<u>Change</u>
-112	418-7	Foreign corporations may transact business upon the issuance of the certificate of authority; under current law, business may be transacted upon completion of the filing requirements.
-116	418-5	Foreign corporations required to file amendments to its articles with the director; current law requires only that a certificate of amendment be filed.
-117	418-5	Procedures for notice requirements upon merger of foreign corporation amended generally.
-118	418-5	Requires foreign corporations to obtain amended certificate of authority in the event of name change; current law requires recordation of name changes.
-121	418-15	Grounds and procedure for revocation of a foreign corporation's certificate amended generally.
-124	418-10	Specifically notes the consequences of a foreign corporation doing business without a certificate of authority.
-125	416-95	Specifies the information required to be included in a corporation's annual report to be filed with the director; current law allows the director to prescribe the information required.
-129	92-24	Per page copy charges increased from \$.50 to \$.75.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 55, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 55, S.D. 1, H.D. 1, C.D. 1.

Representatives Shito, Honda, Kim, Taniguchi and Ikeda,
Managers on the part of the House.

Senators Cobb, Chang, Kobayashi and Henderson,
Managers on the part of the Senate.

Conf. Com. Rep. No. 13 on S.B. No. 191

The purpose of this bill is to delete the requirement that the Board of Certification for Practicing Psychologists submit an annual report to the Governor.

A memorandum issued by the Deputy Director of Commerce and Consumer Affairs indicates that of the thirty boards and commissions placed within the Department of Commerce and Consumer Affairs, fifteen are required to submit annual reports either to the Governor or the Legislature. Your Committee finds that the Legislature's ability to elicit information will not be affected if the annual report requirement is eliminated since quarterly reports are provided to the Department of Commerce and Consumer Affairs. Further, your Committee has been assured that any information called for in the annual report is readily available to the Governor upon request.

Your Committee upon further consideration has amended S.B. No. 191, S.D. 1, H.D. 1, to make technical changes which have no substantive effect.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 191, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 191, S.D. 1, H.D. 1, C.D. 1.

Representatives Shito, Hayes, Kim, Taniguchi and Ikeda,
Managers on the part of the House.

Senators Cobb, Chang, B. Kobayashi and Soares,
Managers on the part of the Senate.

Conf. Com. Rep. No. 14 on H.B. No. 621

The purpose of this bill was to provide that any person engaged in the practice of speech pathology or audiology on or before September 1, 1981 as an employee of or under contract to a local or state government agency shall be deemed in compliance with licensure requirements without the need for a written examination provided these employees remain employed by the government agency.

Currently, the law states that all speech pathologists and audiologists employed by a government agency shall comply with the licensing requirements by December 31, 1984. Your Committee finds that while private sector professionals need to be licensed as an assurance for the protection of the general public, in the government sector, speech pathologists and audiologists are already required to pass stringent certification requirements and academic standards. Your Committee intends that this exemption apply to employees only so long as they continue such employment. If an individual leaves government service, he or she must comply with the licensing requirements.

Your Committee upon further consideration has amended the bill to extend the cut-off date from September 1, 1981, to October 1, 1981. This amendment is to insure coverage of all employees who are intended to be grandfathered into the licensing exemption under this bill, but for technicalities, would have been excluded by use of the September 1, 1981 date.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 621, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 621, H.D. 1, S.D. 1, C.D. 1.

Representatives Shito, Honda, Matsuura, Tungpalan and Ikeda,
Managers on the part of the House.

Senators Cobb, Uwaine, Yamasaki and Soares,
Managers on the part of the Senate.

Conf. Com. Rep. No. 15 on H.B. No. 291

The purpose of this bill is to redefine dentistry, delete the detailed provisions of fraudulent advertising by dentists, delete the provision for good character, require all applicants to take a written as well as a practical examination, change the sequence of filing and satisfying examination requirements for foreign dental applicants, amend section titles to clearly distinguish those who are graduates of dental colleges accredited by the American Dental Association and those who are not, delete the office of secretary and treasurer of the board and provide for a vice-president, delete the requirement to submit an annual report to the Governor, delete outdated provisions, neuter references to the male gender, and make technical changes for clarity.

Your Committee upon further consideration has made the following amendments to H.B. No. 291, H.D. 1, S.D. 1 to:

- (1) Clarify that the false statements prohibited by this bill are false statements related to one's practice of dentistry;
- (2) Correct the method of changing the reference to the "director of regulatory agencies" to the "director of commerce and consumer affairs" by use of brackets and underscoring; and
- (3) Correct typographical and bill drafting errors.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 291, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 291, H.D. 1, S.D. 1, C.D. 1.

Representatives Shito, Kim, Hirono, Ikeda and Taniguchi,
Managers on the part of the House.

Senators Cobb, Chang, Henderson and B. Kobayashi,
Managers on the part of the Senate.

Conf. Com. Rep. No. 16 on S.B. No. 180

The purpose of this bill is to amend Chapter 457, Hawaii Revised Statutes, to delete the requirements that members of the Board of Nursing be United States citizens and file with the Lieutenant Governor the constitutional oath of office before the commencement of the members' terms of office, that the Board of Nursing submit an annual report to the Governor, and that registered nurse board members have five years of post graduate experience in administering or teaching nurse training courses and substituting therefor a requirement that such members have five years of experience in the practice of nursing as a registered nurse. The bill also makes technical changes to Chapter 457 which have no substantive effect.

Your Committee upon further consideration has amended the bill by restoring the word "or" where that word was deleted by the House Draft in Sections 9 and 11 of the bill.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 180, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 180, S.D. 1, H.D. 1, C.D. 1.

Representatives Shito, Andrews, Hayes, Kim and Ikeda,
Managers on the part of the House.

Senators Cobb, B. Kobayashi, Yamasaki and Soares,
Managers on the part of the Senate.

Conf. Com. Rep. No. 17 on H.B. No. 1417

The purpose of this bill is to provide children prompt and ample protection from abuse and other harm, to provide an opportunity for timely reconciliation of children with their families where practicable, and to provide timely and permanent planning for children.

Under this bill, procedures and actions required for family protection services by the Family Court and other appropriate agencies are organized under one chapter of the Hawaii Revised Statutes, specific relevant terms of the implementation of family protective services are provided, and a system of service plans that clearly set forth actions required on the part of the family are established.

However, your Committee feels that this Act should not be construed in any manner that will impose upon or abridge in any way the beliefs and practices of traditionally established and recognized religious organizations.

Your Committee upon further consideration has made the following amendments to H.B. No. 1417, H.D. 1, S.D. 1:

- (1) On page 17, line 13, of the bill, your Committee has deleted the reference to "commercial purposes". Your Committee intends that all situations for filming and depiction of sexual contact or conduct of a child shall be covered by this Act and not limited to commercial situations.
- (2) On page 18, line 12, of the bill, your Committee has added "medical care" in the provision pertaining to harm to a child.

To insure clarity and conformity with the Ramseyer format, various stylistic and technical, nonsubstantive amendments have been made by your Committee.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1417, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1417, H.D. 1, S.D. 1, C.D. 1.

Representatives Stanley, Hirono, Lardizabal, Tom and Ikeda,
Managers on the part of the House.

Senators Chang, Cobb and George,
Managers on the part of the Senate.

Conf. Com. Rep. No. 18 on S.B. No. 181

The purpose of this bill is to update and clarify the Nursing Home Administrators Act, delete references to gender and indefinite modifiers used within the context of the Act, remove an outdated section, and delete the requirement that nursing home administrators shall be individuals who are of "good character and are otherwise suitable" as a condition for being licensed.

Your Committee has amended the bill by making technical changes which have no substantive effect.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 181, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 181, S.D. 1, H.D. 1, C.D. 1.

Representatives Shito, Andrews, Hayes, Kim and Ikeda,
Managers on the part of the House.

Senators Cobb, Chang, Uwayne and Soares,
Managers on the part of the Senate.

Conf. Com. Rep. No. 19 on S.B. No. 735

The purpose of this bill was to allow applicants for a certificate of Certified Public Accountant (CPA) to satisfy the graduate study requirement with three additional years of public accounting experience. It also proposes to delete the provision that equivalent experience as an auditor or examiner in industry or government may be substituted for professional public accounting experience.

Your Committee finds that the option of replacing the requirement of thirty semester hours of graduate study with a specified amount of public accounting experience, in addition to the two years of experience already required, will assist candidates who may be financially unable to commit themselves to a fifth year of study or who may experience difficulty obtaining the required courses.

Your Committee upon further consideration has made an amendment to S.B. No. 735, S.D. 1, H.D. 1, by allowing applicants for a certificate of Certified Public Accountant to satisfy the requirement of thirty semester hours of graduate study, in addition to the requirements for a baccalaureate degree, with an additional thirty months, rather than three years of public accounting practice.

Your Committee has further amended the bill by making language changes to the proposed new subsection (j) of section 466-5 for the purpose of clarity and drafting style.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 735, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 735, S.D. 1, H.D. 1, C.D. 1.

Representatives Shito, Baker, Matsuura, Tom and Ikeda,
Managers on the part of the House.

Senators Cobb, B. Kobayashi, Uwayne and Henderson,
Managers on the part of the Senate.

Conf. Com. Rep. No. 20 on S.B. No. 569

The purpose of this bill is to require that forensic examiners arrive at their conclusions in sanity examinations independently from the other examiners, unless there is a showing of clear need for communication between or among the examiners. Such communication shall be noted in the examiners' reports. This bill will also permit examiners access to police and juvenile records, including those expunged. This bill also provides that the court will make all pertinent records available to the examiners.

Your Committee finds that the accuracy and objectivity of sanity examinations will be enhanced if examiners develop their findings without collaboration and if they are provided with a wider range of information. It also finds that the confidentiality of

the records will be ensured if the court is the agency which releases the information.

Your Committee upon further consideration amended the bill to clarify that the court will be responsible for obtaining, holding, and making records available for inspection by the examiners. Your Committee finds that placing the responsibility on the court for obtaining and keeping the records will afford additional protection to the privacy of the person involved. The Administrative Director of the Courts confirmed that the court can perform this responsibility with existing resources.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 569, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 569, S.D. 1, H.D. 1, C.D. 1.

Representatives Stanley, Baker, Hayes, Tom and Medeiros,
Managers on the part of the House.

Senators Chang, Machida and George,
Managers on the part of the Senate.

Conf. Com. Rep. No. 21 on H.B. No. 1119

The purpose of this bill is to appropriate funds from the general revenues of the State of Hawaii to satisfy claims for legislative relief for overpayment of taxes, judgments against the State and settlement claims, and miscellaneous claims.

Your Committee after discussion has amended the bill by deleting the appropriations for the judgments in Ethel S. Littleton; Civil No. 50265, First Circuit (\$72,346.37) and Shirley Matsuura; Supreme Court No. 8207, (\$42,426.28.)

The Attorney General has informed the Committee that in the opinion of the Department of the Attorney General these are not final judgments but rather involve ongoing litigation.

As amended, the total amount appropriated by the bill is \$174,919.54.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1119, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1119, H.D. 2, S.D. 1, C.D. 1.

Representatives Stanley, Hirono, Kawakami, Tungpalan, Yoshimura and Medeiros,
Managers on the part of the House.

Senators Yamasaki, Chang and A. Kobayashi,
Managers on the part of the Senate.

Conf. Com. Rep. No. 22 on H.B. No. 467

The purpose of this bill is to provide that a child victim or witness shall have the right to have an attorney, parent, or other adult present in all Family Court proceedings, and that the Court shall inform the parent, guardian, or legal custodian of their right to remain silent. The bill also provides that the child shall be informed of the right to counsel and the right to remain silent.

Your Committee upon further consideration has amended the bill by requiring that a child victim or witness may have an attorney present while testifying or otherwise attending a hearing. Your Committee prefers the permissive requirement to clarify the intent that the court is not required to provide an attorney or pay for the services of any attorney who attends the hearing as provided by this measure.

Your Committee has also made technical, nonsubstantive corrections to this bill to conform to the Ramseyer format.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 467, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 467, H.D. 1, S.D. 1, C.D. 1.

Representatives Stanley, Hirono, Tom and Medeiros,
Managers on the part of the House.

Senators Chang, Cobb and George,
Managers on the part of the Senate.

Conf. Com. Rep. No. 23 on H.B. No. 1562

The purpose of this bill is to provide that a defendant who is unfit to proceed with trial, and who is charged with one or more misdemeanors, or with one or more felonies not involving violence or attempted violence against the person of another, shall be confined in the least restrictive environment appropriate and shall not be confined in a hospital unless such confinement is necessary to effectuate his treatment.

The bill further provides that within 14 days of the order of commitment, a determination shall be made whether the defendant will be able, through treatment or medication, to proceed with trial. If the defendant is charged with one or more misdemeanors, or with one or more felonies not involving violence or attempted violence against the person of another, he shall be released or civilly committed if he is not able to proceed after one year. If a defendant is charged with a felony involving violence or attempted violence against the person of another, he may be released, continue under his commitment, or be civilly committed if he is not able to proceed after three years.

Your Committee upon further consideration has amended the bill for the purpose of clarity by requiring that the least restrictive environment appropriate shall be in light of the defendant's treatment needs and the need to prevent harm to the person confined and others.

On page 2, line 10, of the bill, your Committee has inserted the phrase "by the court" after the word "held" to clarify that it shall be the court which holds the hearing to determine a defendant's fitness to proceed.

On page 3, lines 1 and 2, of the bill, your Committee has substituted the phrase "director of health" with "court which had committed the defendant under the provisions of paragraph 1" for clarity and consistency. Your Committee feels that a defendant's release shall be after a hearing by the court rather than by the director of health.

Your Committee also made various technical, nonsubstantive amendments to the measure.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1562, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1562, H.D. 1, S.D. 1, C.D. 1.

Representatives Stanley, Baker, Hayes, Tom and Medeiros,
Managers on the part of the House.

Senators Chang, Machida and George,
Managers on the part of the Senate.

Conf. Com. Rep. No. 24 on H.B. No. 390

The purpose of this bill is to require that the notice of summons in a quiet title action shall be published in an English language newspaper of statewide circulation, whenever the action is filed in a circuit court other than the first circuit.

Presently, notice is only required to be published in newspapers circulated in the circuit in which the action has been instituted. In many quiet title actions, the property claimed is on the neighbor islands but most of the heirs to the lands reside on Oahu. The effect of the proposed change is to afford fair and effective notification to a greater number of people who have an interest in the real property that is the subject of litigation.

The bill as referred to your Committee required that a person claiming land by adverse possession must show that he acted in good faith under claim of right or color of title.

Your Committee upon further consideration has amended this language by providing a definition of good faith and by deleting "under claim of right or color of title". The purpose of this amendment is to provide an objective standard for determining the adverse possessor's genuine belief that such person has a right to enter and take possession of the land.

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

390, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 390, H.D. 1, S.D. 1, C.D. 1.

Representatives Stanley, Honda, Lardizabal, Matsuura and Medeiros,
Managers on the part of the House.

Senators Chang, Kuroda and A. Kobayashi,
Managers on the part of the Senate.

Conf. Com. Rep. No. 25 on H.B. No. 1266

The purpose of this bill is to enable the Family Court to issue a restraining order to preserve the status of marital property, without notice of hearing to the other party, after a complaint for a divorce has been filed in this state.

The bill will also allow the Family Court to appoint a master or masters to make preliminary findings and to report to the court.

Your Committee upon further consideration has amended the bill by adding that annulment and separation actions are covered by this provision. Your Committee also has changed the mandatory language "shall" to "may" to clarify that the court has discretion in granting such orders.

In order to ensure the other party's rights, your Committee further has required that where such restraining orders are issued against the other party, such party shall be served promptly with the order and shall be entitled to a prompt hearing to show cause why a restraining order should not be enforced.

Your Committee further has amended the bill by permitting the court to issue such restraining orders against a person or persons not a party to the action and by requiring that they be promptly served with the order and be entitled to a prompt hearing to show cause why a restraining order should not be enforced.

For purposes of clarity and consistency, your Committee has amended the bill by creating subsections.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1266, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1266, H.D. 1, S.D. 1, C.D. 1.

Representatives Stanley, Taniguchi, Tom and Medeiros,
Managers on the part of the House.

Senators Chang, Cobb and George,
Managers on the part of the Senate.

Conf. Com. Rep. No. 26 on H.B. No. 1342

The purpose of this bill is to require that persons released on conditional release pursuant to section 704-411 of the Hawaii Revised Statutes shall continue to receive psychological or psychiatric treatment.

The measure provides that if the individual fails to continue treatment or care, or there is evidence that hospitalization is appropriate, the individual may be hospitalized for up to 72 hours without a hearing. The 72-hour limitation may be exceeded if a hearing is held and the court determines that the conditions of release have not been fulfilled or that the safety of others or that person is endangered.

The measure also provides that the court may at any time, after granting conditional release until final discharge, determine that the person has not fulfilled the conditions of release and modify or revoke the conditions or order the person committed to the custody of the director of health. Presently, revocation or modification of conditional release cannot occur later than five years from the date of the granting of conditional release.

A technical, nonsubstantive correction has been made by your Committee to conform to the Ramseyer format.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1342, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1342, H.D. 1, S.D. 1, C.D. 1.

Representatives Stanley, Baker, Hayes, Tom and Medeiros,
Managers on the part of the House.

Senators Chang, Machida and George,
Managers on the part of the Senate.

Conf. Com. Rep. No. 27 on H.B. No. 1557

The purpose of this bill is to allow the director of the Department of Health to place defendants charged with misdemeanors or felonies, not involving violence or attempted violence, in the least restrictive appropriate environment in light of the defendant's treatment needs and the need to prevent harm to the person confined and to others. The bill also deletes references to danger to property in accordance with the decision in Suzuki v. Yuen, 617 F 2d. 173 (1980).

To insure clarity, the amendment proposed by this bill has been placed in paragraph (a) of subsection 1 of Section 704-411 of the Hawaii Revised Statutes. Various stylistic and technical, nonsubstantive amendments also have been made by the Committee.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1557, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1557, S.D. 1, C.D. 1.

Representatives Stanley, Baker, Hayes, Tom and Medeiros,
Managers on the part of the House.

Senators Chang, Machida and George,
Managers on the part of the Senate.

Conf. Com. Rep. No. 28 on H.B. No. 992

The purpose of this bill is to transfer the authority to determine the penalties and fees for unlicensed and stray dogs as well as the impoundment fees from the State to the counties.

This bill also clarifies the definition of "officer" and further provides that a parent or guardian shall be responsible for compliance with the laws pertaining to the licensing and regulation of dogs when the owner is a minor. This bill will also make it a misdemeanor consistent with the penalty for cruelty to animals as provided for under Hawaii Revised Statutes 711-1109 for failing to destroy or provide suitable medical treatment for diseased dogs.

This bill also allows the counties to set the fee for issuing dog tags.

Your Committee after discussion has agreed that the bill is important in that it transfers the entire responsibility for dog control to the counties.

Your Committee has amended the bill by underlining on page 6, "animal control officer" to conform to the Ramseyer format.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 992, H.D. 2, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 992, H.D. 2, S.D. 2, C.D. 1.

Representatives Stanley, Grauly, Honda, Levin, Tungpalan and Medeiros,
Managers on the part of the House.

Senators Yamasaki, Hagino and Henderson,
Managers on the part of the Senate.

Conf. Com. Rep. No. 29 on H.B. No. 535

The purpose of this bill is to extend the time allowed for the preparation and transmission of the record of an administrative hearing when the agency decision is being appealed from 15 days to 20 days.

Presently state and county agencies have 15 days to gather and index all correspondence, documents, and exhibits; transcribe the recording of the hearing; and file the record in court. This period is not always sufficient when the record is voluminous.

Your Committee upon further consideration has amended the effective date of the Act from the upon approval date to January 1, 1984 to allow the courts time to conform the Rules of Court to the requirements of this Act.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 535, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 535, S.D. 1, C.D. 1.

Representatives Stanley, Hayes, Tom and Medeiros,
Managers on the part of the House.

Senators Chang, Kuroda and A. Kobayashi,
Managers on the part of the Senate.

Conf. Com. Rep. No. 30 on H.B. No. 915

Your Committee has amended H.B. No. 915, S.D. 1, C.D. 1 to clarify that the Hawaii Supreme Court in Joshua v. MTL, Inc. and McAulton v. Goldstrin may have removed the applicability of no-fault limitations to noninsureds, but not all statutes of limitations. Thus, it appears that a noninsured person would still be subject to statutes of limitations applicable to causes of action in general.

Because of the importance of this bill, your Committee wishes to reiterate the discussion presented in the prior committee report on this bill.

The purpose of this bill is to restate and clarify the intent of the Legislature in enacting Sections 294-6(a) and 294-36(b), Hawaii Revised Statutes, concerning the barring of suits by uninsured motorists for injuries sustained in motor vehicle accidents. That intent was, and still remains:

- (1) To prevent a person who is ineligible for no-fault benefits from bringing a civil action if the medical-rehabilitative limit is not reached within two years of the date of the motor vehicle accident; and
- (2) To deter persons from driving without motor vehicle insurance coverage, not only through criminal penalties, but further through a limitation on the ability of the uninsured motorist to recover for injuries in tort which is more stringent than the limitation placed upon those who have obtained the insurance coverage required by law, and who are therefore entitled to no-fault benefits.

The majority opinion of the Hawaii Supreme Court in both Joshua v. MTL, Inc. (#8177 December 29, 1982) and McAulton v. Goldstrin (#8071 December 30, 1982) misread the intent of the Legislature and may have removed all no-fault law limits on the time in which an uninsured motorist may bring an action for recovery in tort. The effect of the decisions is that law abiding citizens who obtain coverage may not sue in tort under Section 294-6(a)(2), Hawaii Revised Statutes, unless they reach the medical-rehabilitative threshold within two years of the last payment of no-fault benefits, whereas persons who have failed to obtain coverage can sue without first having to reach the threshold.

The system of no-fault insurance established by Chapter 294, can only be effective if all drivers participate to the extent required by law. This bill treats uninsured drivers more severely than those who obtain the legally required coverage with the specific legislative intent of encouraging participation by all drivers in the no-fault insurance system. Since the Legislature has provided for persons who are economically unable to afford insurance under the public assistance provisions of the no-fault law, there is no valid reason for owners of motor vehicles not to have no-fault insurance for the motor vehicles which they use.

The bill also establishes a \$1,000 fee in lieu of fine, for failing to obtain no-fault coverage, for any uninsured person bringing on action in tort, and by providing that Section 294-6 shall apply regardless of the injured person's entitlement to no-fault benefits.

Your Committee upon further consideration has amended the bill as follows:

- (1) Provides for the intervention of the Attorney General, at the request of the

Insurance Commissioner, in any case before any appellate court in the State of Hawaii in which the constitutionality or validity of Chapter 294, Hawaii Revised Statutes, or any part thereof is at issue, and may appeal to the United States Supreme Court, if necessary, to obtain a final determination of any case; and

- (2) Provides that Section 294-6, Hawaii Revised Statutes, regarding tort liability shall apply whether or not the injured person is entitled to receive no-fault benefits.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 915, S.D. 1, C.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 915, S.D. 1, C.D. 2.

Representatives Shito, Lardizabal, Taniguchi, Tungpalan, Graulty,
and Ikeda,
Managers on the part of the House.

Senators Cobb, Chang, Uwayne and Soares,
Managers on the part of the Senate.

Conf. Com. Rep. No. 31 on H.B. No. 1620

The purpose of this bill is to amend Section 519-3, Hawaii Revised Statutes, to clarify that all strata of sub-leases of cooperative housing corporations be included under the statutory procedures for renegotiation of lease rents. The bill also amends the definition of key terms used in determining the renegotiated rent payable by the cooperative housing corporation.

Section 519-3 was enacted by Act 220, Regular Session Laws of Hawaii, 1982. Your Committee believes that the original intent of the legislature was that cooperative housing corporations which are sublessees, assignees, or sub-sublessees, not only lessees, are entitled to protection under this section.

Your Committee upon further consideration amended the bill to retain the current statutory language regarding the definition of terms for determining the lease rent payable by the cooperative housing corporation. Your Committee feels that the issues concerning "owner's basis", "lessor's basis" and other terms involved in the re-negotiation of lease rents by cooperative housing corporations are complex and should be studied in greater detail before amending. Your Committee has therefore deleted the proposed amendment to redefine the terms.

Your Committee made technical, nonsubstantive changes to this bill.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1620, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1620, H.D. 1, S.D. 1, C.D. 1.

Representatives Hirono, Leong, Shito, Tam and Ikeda,
Managers on the part of the House.

Senators Young, Yamasaki and Ajifu,
Managers on the part of the Senate.

Conf. Com. Rep. No. 32 on S.B. No. 1279

The purpose of this bill is to merge the Environmental Quality Commission and the Environmental Council and realign their functions with the Office of Environmental Quality Control. This bill will consolidate the fragmented functions of these groups and will streamline the evaluation and review of environmental impact statements.

This bill will require the director of the Office of Environmental Quality Control to be an ex-officio voting member of the Environmental Council. The director will be exempt from the representation requirements and staggered term of membership restrictions placed on other members of the council. This bill also clarifies that the director need not be the chairperson of the council.

Your Committee upon further consideration has amended the bill to clarify that the Environmental Council chairperson will call for meetings of the Council, either personally or through the director of the Office of Environmental Quality Control. The bill has been further amended to make technical changes which have no substantive effect.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1279, S.D. 2, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1279, S.D. 2, H.D. 2, C.D. 1.

Representatives Okamura, Say, Kawakami, Kiyabu, Kiyabu-Saballa,
Nakata, Dang and Crozier,
Managers on the part of the House.

Senators Yamasaki, Chang and A. Kobayashi,
Managers on the part of the Senate.

Conf. Com. Rep. No. 33 on S.B. No. 1254

The purpose of this bill is to amend Section 305E-1, Hawaii Revised Statutes, by expanding the scope of the University's college-credit equivalency program to include those students who have successfully completed a military training program. This bill also allows college credits to be awarded to students for work or other experiences at the discretion of the University, provided that students meet the qualifications in Section 305E-1.

The bill also amends Section 304-14.6, Hawaii Revised Statutes, by repealing the sunset provision for granting tuition waivers to qualified Hawaii National Guard and Army reserve members and Section 304-4, Hawaii Revised Statutes, by repealing nonresident tuition differential waivers by reciprocity.

Your Committee feels that repeal of the sunset provision for granting tuition waivers to Hawaii National Guard and Army reserve members may be premature in light of Act 192, Section 3 of the 1980 Session Laws of Hawaii, which provides that the Adjutant General shall submit a report to the legislature on the impact of tuition waivers on recruitment by January 16, 1984.

Your Committee finds that any action on the matter should await submission of the Adjutant General's report as required by law.

Upon further consideration, your Committee has made the following amendments to S.B. No. 1254, H.D. 1:

- (1) Section 2 of the bill has been deleted.
- (2) Sections 3, 4, and 5 of the bill have been renumbered to Sections 2, 3, and 4 respectively.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1254, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1254, H.D. 1, C.D. 1.

Representatives Hagino, Apo, Bunda, Kiyabu, Kiyabu-Saballa, Menor,
Okamura and Dang,
Managers on the part of the House.

Senators Holt, Mizuguchi, Solomon and Soares,
Managers on the part of the Senate.

Conf. Com. Rep. No. 34 on S.B. No. 1105

The purpose of this bill is to permit the controlled usage of designated carpool lanes on roadways or highways by motorcycles in the State of Hawaii.

The federal Surface Transportation Assistance Act of 1982 prohibits the appropriation of federal highway funds to states which do not allow motorcycles to use carpool lanes except when such use would create a safety hazard. This bill would help to conform state statutes to this newly passed federal law and help ensure the continued receipt of federal highway monies.

Your Committee finds that high-occupancy vehicle (HOV) contraflow lanes are not included in the definition of a carpool lane by the Federal Highway Safety Administration. Further, the state department of transportation is aware of the exclusion of contra-flow lanes at the federal level and has determined that motorcycles will be prohibited from using such lanes. The department believes that the continued exclusion of motorcycles

would be in the best interest of safety and still allow for the efficient movement of traffic. Your Committee believes the option to allow access to such lanes by motorcycles should be at the discretion of the director of transportation rather than set by statute.

Your Committee, therefore, has amended this bill by deleting the prohibited use of high-occupancy vehicle (HOV) contra-flow lanes by motorcycles.

Should the director determine that the use of carpool lanes by motorcycles would no longer pose a safety hazard, an application will then be submitted to the Secretary of Transportation. Upon approval of the application, the director will then make the appropriate changes administratively rather than by amending the law.

This bill will allow the director flexibility in regulating the controlled access of certain vehicles to roadways or highways yet ensuring normal and safe movement of traffic.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1105, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1105, H.D. 1, C.D. 1.

Representatives Taniguchi, Albano, Hayes, Lardizabal and Anderson,
Managers on the part of the House.

Senators Uwaine, Aki and George,
Managers on the part of the Senate.

Conf. Com. Rep. No. 35 on S.B. No. 1050

The purpose of this bill is to provide high school students greater access to classes outside their district.

Your Committee finds that present Department of Education policy is to permit school district exemptions to allow a student to enroll in a specific class in another school if that class is not offered in that student's school district. This bill gives statutory authority for high school students to attend classes outside their school districts.

Your Committee has amended the bill to provide that a high school student "shall" rather than "may" be allowed to attend classes outside the district to which the student is assigned.

In order to balance the changing of the permissive "may" to the mandatory "shall", your Committee has further amended the bill to specify that out of district attendance will be allowed on the conditions that such attendance will not prevent a student regularly enrolled at a school from attending classes and that admission to classes of a student from outside a school district is on a first-come, first-served basis. The purpose of this amendment is to clarify that out of district attendance at classes is not to be granted on an unlimited basis but only as practicable within the limitations of class size.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1050, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1050, H.D. 1, C.D. 1.

Representatives Hashimoto, Leong, Morgado, Okamura and Jones,
Managers on the part of the House.

Senators Solomon, Mizuguchi and Ajifu,
Managers on the part of the Senate.

Conf. Com. Rep. No. 36 on S.B. No. 631

The purpose of this bill is to amend the requirements and procedures for the involuntary commitment of persons to psychiatric facilities for hospitalization and treatment.

This bill removes danger to property as a ground for involuntary commitment and requires that the danger to the person or others be imminent.

This bill also requires that notice be given if the petitioner intends to adduce evidence to show that the subject is an incapacitated or protected person, under Article V of

chapter 560, Hawaii Revised Statutes, and whether the appointment of a guardian will be sought. If guardianship is recommended, the identity of the proposed guardian would be disclosed in the notice, if known at the time the petition is filed.

This bill also allows the administrator of a psychiatric facility to discharge the patient without a court order if the order for commitment is expiring or because commitment is no longer necessary, and if no objections are filed. Presently, the Family Court must hold a hearing on the discharge of a patient even if no one objects. If objections are filed, this bill specifically authorizes the court to deny the discharge if the patient still meets the criteria for commitment.

Current statute provides that a person may be committed to a psychiatric facility for involuntary hospitalization if the court finds "beyond a reasonable doubt" that the person is:

- (A) Mentally ill or suffering from substance abuse;
- (B) Dangerous to himself, others, or property; and
- (C) In need of care and/or treatment and there is no suitable alternative available through existing facilities and programs which would be less restrictive.

This bill, as received by your Committee, reduced the standard of proof for all three criteria for commitment from "beyond a reasonable doubt" to "upon clear and convincing evidence."

Concern was expressed that individuals must hurt themselves or others before they can receive appropriate and necessary care because the present higher degree of proof is required in involuntary commitment proceedings. However, concern was also expressed that the civil liberties of individuals may be detrimentally affected by reducing the standards for involuntary commitment.

Your Committee, after balancing the needs and rights of individuals and of the community, finds that requiring "clear and convincing evidence" as to the issues of dangerousness and the need for care will provide a more realistic and practical standard of proof, adequate protection for subjects of the proceedings, and an opportunity for treatment that had been foreclosed to them.

However, your Committee also finds that evidence showing mental illness and substance abuse "beyond a reasonable doubt" can be generally provided to the court. Therefore, your Committee retained this present standard of proof for the first criteria.

Your Committee made technical nonsubstantive amendments to the bill.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 631, S.D.1, H.D.1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 631, S.D.1, H.D.1, C.D.1.

Representatives Baker, Hirono, Leong, Stanley, Tom, Apo and Ikeda,
Managers on the part of the House.

Senators Chang, Machida and George,
Managers on the part of the Senate.

Conf. Com. Rep. No. 37 on S.B. No. 133

The purpose of this bill is to better conserve native forms of life by correcting inconsistencies in the definitions of aquatic life and wildlife and by providing additional regulatory powers for the Department of Land and Natural Resources.

Chapter 195-D, Hawaii Revised Statutes, relating to Conservation of Wildlife and Plants, does not clearly state that aquatic life is provided for by the chapter. This bill will remove any doubt that Chapter 195-D applies to aquatic life.

The chapter presently establishes penalties for persons who violate its provisions. The bill amends those penalties to achieve consistency with penalties for other violations of conservation laws.

The bill provides the department the authority to revoke licenses issued by the department to persons performing activities for scientific purposes or to enhance the propagation or survival of affected species.

Your Committee has amended this bill by making technical changes which have no substantive effect.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 133, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 133, S.D. 1, H.D. 1, C.D. 1.

Representatives Okamura, Kiyabu-Saballa, Matsuura, Souki and Isbell,
Managers on the part of the House.

Senators Chang, Solomon and A. Kobayashi,
Managers on the part of the Senate.

Conf. Com. Rep. No. 38 on H.B. No. 337

The purpose of this bill, as received by your Committee on Conference, is to extend the scope of the present law prohibiting the owner or controller of a motor vehicle from knowingly permitting a person not authorized by law to drive the vehicle to include owners of and persons controlling mopeds.

House Bill No. 337, H.D. 1, S.D. 1, would have changed the title of section 286-133, Hawaii Revised Statutes, from "[u]nlawful to permit unauthorized persons to drive," to "[u]nlawful to permit unlicensed person to drive". Your Committee finds that the present title more accurately encompasses the subject of section 286-133, H.R.S., because that section deals not only with permitting the driving of one's vehicle by persons who do not have a Hawaii driver's license pursuant to section 286-102, H.R.S. but by persons who are exempted by section 286-105, H.R.S., from having to obtain such a license and by persons who do not hold an instruction permit under section 286-110, H.R.S.. Therefore, your Committee has amended page 1, line 3 of the bill to retain the word "unauthorized" in the title of section 286-133, H.R.S., and to delete the word "unlicensed".

In H.B. No. 337, H.D. 1, it was proposed that the word "knowingly" be removed from section 286-133, H.R.S.. Your Committee is concerned that the deletion of "knowingly" would permit the State to convict, for violation of this statute, persons who have innocently loaned their vehicles to persons reasonably believed by them to be licensed or otherwise authorized to operate motor vehicles or mopeds in the State. Therefore, your Committee has retained "knowingly" in the statute.

Enumerating the drivers to whom a motor vehicle or moped may not be entrusted under section 286-133, H.R.S., H.B. No. 337, H.D. 1, S.D. 1, provides at page 1, lines 7-11, "any person who does not possess a valid driver's license to do so under section 286-102, and who is not exempted under section 286-105, or who does not hold an instruction permit under section 286-110." Your Committee finds that this language does not address persons licensed or otherwise authorized pursuant to section 291C-194 to drive a moped. Your Committee is also concerned that any changes in Hawaii's laws pertaining to authorized operation of motor vehicles or mopeds be automatically incorporated into section 286-133, H.R.S.. Therefore, your Committee has amended the bill by removing the language underlined above and by replacing it with "is not authorized under law to drive the motor vehicle or moped."

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 337, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 337, H.D. 1, S.D. 1, C.D. 1.

Representatives Taniguchi, Stanley, Tungpalan and Medeiros,
Managers on the part of the House.

Senators Uwaine, Yamasaki and Soares,
Managers on the part of the Senate.

Conf. Com. Rep. No. 39 on H.B. No. 1567

The purpose of this bill is to continue the investment yield rate of seven per cent for the purpose of actuarial valuations under the public employees' retirement law.

Under the present law, the investment yield rate was seven per cent for the year ending June 30, 1982, but will become four and onehalf per cent for subsequent years. Your Committee finds that the seven per cent interest rate under this bill reflects a

realistic assumption of the net earnings of the System's investments.

Your Committee has amended this bill to extend the seven per cent interest rate until June 30, 1984, at which time the consulting actuary together with the Board of Trustees, will review, analyze, and evaluate the experience of the previous five years. In turn, the board will present any new assumptions and recommendations to the Legislature concerning the investment yield rate.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1567, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1567, H.D. 2, S.D. 1, C.D. 1.

Representatives Albano, Kiyabu, Hayes, Honda, Kim, Lardizabal, Wong,
Yoshimura and Anderson,
Managers on the part of the House.

Senators Yamasaki, Mizuguchi and A. Kobayashi,
Managers on the part of the Senate.

Conf. Com. Rep. No. 40 on H.B. No. 844

The purpose of this bill is to enable the Stadium Authority to dispose of unclaimed lost and found property after 45 days.

Presently, lost and found property must be stored for seven years after which time it is considered abandoned property. Your Committee finds that claims for lost items are usually made by owners within a couple of days. Seven years accumulation of lost articles takes too much needed space unnecessarily.

Your Committee has amended the bill by making technical changes which have no substantive effect.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 844, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 844, H.D. 1, S.D. 1, C.D. 1.

Representatives Albano, Grauly, Kim, Lardizabal, Levin, Nakasato,
Medeiros and Yoshimura,
Managers on the part of the House.

Senators Chang, Solomon and A. Kobayashi,
Managers on the part of the Senate.

Conf. Com. Rep. No. 41 on H.B. No. 809

The purpose of this bill is to establish an inter-agency coordinating committee for the development and implementation of a statewide occupational information system (OIS).

Currently there are many state agencies which provide some type of occupational and career information on an individual basis. The federal vocation law mandates the establishment of a statewide occupational information system. This bill will provide for the development and delivery of occupational and career information by the Hawaii State Occupational Information Coordinating Committee.

Your Committee after discussion agreed to delete the revolving fund. Accordingly, amendments have been made.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 809, H.D. 1, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 809, H.D. 1, S.D. 2, C.D. 1.

Representatives Tungpalan, Kawakami, Taniguchi, Wong, Yoshimura
and Anderson,
Managers on the part of the House.

Senators Yamasaki, Mizuguchi and A. Kobayashi,
Managers on the part of the Senate.

Conf. Com. Rep. No. 42 on S.B. No. 30

The purpose of this bill is to require every person collecting rent on behalf of an owner of real property located in the State to file with the department of taxation a copy of the first page of the rental collection agreement which shall include the name and address of the property owner, the address of the property being rented and a statement in bold print, ten-point type size indicating that a copy of the first page of the agreement shall be filed with the department of taxation and that the owner must pay general excise taxes on the gross rent collected. In lieu of the first page of a rental collection agreement, a copy of Internal Revenue Service form 1099 may be filed.

Although section 237-13(10), Hawaii Revised Statutes, imposes a four per cent tax on gross rents received from rentals of real property, the State is losing large amounts of revenue as a result of out-of-state owners of real property failing to pay general excise taxes on rents collected. Enforcement is presently laborious because the department of taxation has difficulty identifying and locating property owners. During a two-month enforcement period in 1982, the department recovered \$200,000 in revenues, due only to the persistent efforts of its personnel who went through the tedious process of going apartment to apartment to find out who the owner was, then checking back through departmental and private records to determine if the owner had paid general excise taxes due, and then collecting such taxes.

Your Committee upon further consideration has amended the bill to require that the owner's social security number and, if available, the owner's general excise tax license number be included on the forms filed with the tax department. Your Committee also made technical amendments that have no substantive effect.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 30, S.D. 2, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 30, S.D. 2, H.D. 1, C.D. 1.

Representatives Kawakami, Chun, Levin and Anderson,
Managers on the part of the House.

Senators Yamasaki, Cobb and Ajifu,
Managers on the part of the Senate.

Conf. Com. Rep. No. 43 on H.B. No. 393

The purpose of this bill is to establish a land evaluation and site assessment commission under the Legislative Reference Bureau for administrative purposes to advise the Legislature in the formulation of a state land evaluation and site assessment system in identifying agricultural lands of importance to the State of Hawaii.

Your Committee noted the concern expressed by the State House of Representatives, the Department of Agriculture, and the Sierra Club relating to the possibility of excessive or inappropriate conversion of agricultural land to other uses.

Your Committee finds that faithful adherence to present state constitutional provisions for agricultural land classification or zoning, statutory protection and promotion of agriculture, and regulatory identification of important agricultural land will substantially prevent such inappropriate and excessive conversion of agricultural land to other uses.

Your Committee has amended the bill by deleting the requirement that one member of the land evaluation and site assessment commission be from the United States Department of Agriculture's Soil Conservation Service, and instead increased the number of positions to be filled by the general public from one to three. Although your committee has also deleted the requirement that one member be an individual with a background in land use economics, your Committee strongly recommends that the total composition of the commission should reflect some expertise and knowledge in the field of land use economics to best serve the interests of its members and the community at large.

Your Committee has also amended the bill by allowing the commission the discretion to pattern the land evaluation and site assessment system after the Soil Conservation Service's land evaluation and site assessment system (LESA). Also added to the bill is the specification that the commission shall take into consideration existing data provided by previous studies done under the Land Study Bureau and appropriate attributes of the Land Study Bureau's Detailed Land Classification System and the Agricultural Lands of Importance to the State of Hawaii System.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 393, H.D. 2, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 393, H.D. 2, S.D. 2, C.D. 1.

Representatives Say, Kiyabu, Bunda, Kawakami, Menor, Nakata, Souki, Takamine and Isbell,
Managers on the part of the House.

Senators Yamasaki, Hagino and Ajifu,
Managers on the part of the Senate.

Conf. Com. Rep. No. 44 on S.B. No. 1122

The purpose of this bill is twofold: (1) to amend section 312-2.1, Hawaii Revised Statutes, to exempt the position of state librarian from Chapters 76 and 77, Hawaii Revised Statutes; and (2) to raise the salary of the state librarian to the equivalent of a first deputy to a department head.

Your Committee finds that Act 150, Session Laws of Hawaii 1981, increased the responsibilities of the State Librarian. Your Committee does not agree, however, that the increase in responsibilities justifies a raise in the salary to the equivalent of a first deputy, and has deleted the proposed change in status from the bill and retained the existing salary established in 1982. The 1981 salary deletion is retained as it is unnecessary to keep this provision.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1122, S.D. 2, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1122, S.D. 2, H.D. 2, C.D. 1.

Representatives Hashimoto, Kawakami, Kiyabu, Yoshimura and Apo,
Managers on the part of the House.

Senators Yamasaki, Solomon and A. Kobayashi,
Managers on the part of the Senate.

Conf. Com. Rep. No. 45 on S.B. No. 1003

The purpose of this bill is to amend chapter 484, Hawaii Revised Statutes, the Uniform Land Sales Practices Act, to modernize the procedural aspects of the Act, and assure that consumers are adequately protected.

Presently, chapter 484 prohibits the disposition of lots in a subdivision until the subdivision is registered with the state Department of Commerce and Consumer Affairs, and the prospective purchasers are provided a copy of the current public offering statement and have had a reasonable opportunity to examine the statement. Certain types of transactions, subdividers, and small subdivisions are exempt from the chapter. The intent of chapter 484 is to assure that potential purchasers are protected, by requiring the subdivider to provide adequate disclosure of information on the subdivision to prospective purchasers of lots.

Your Committee finds that the county governments also regulate the sale of lots in a subdivision. For example, Rule 1-103 (d) of the Subdivision Rules and Regulations of the City and County of Honolulu provides that "No person shall sell, transfer, or advertise, any interest in land located in a subdivision . . . until the final map thereof has been approved by the Director [of Land Utilization] and recorded in (sic) the State Registrar of Conveyances, Registrar of the Land Courts or Office of the State Surveyor."

Your Committee also finds that although certain types of subdivisions are exempt from chapter 484, to assure that prospective purchasers are protected, the state Department of Commerce and Consumer Affairs does not grant the exemption until the subdivision receives final approval from the county government.

To obtain final approval of the subdivision from the county government, various conditions must be met. For example, in the City and County of Honolulu, detailed construction plans of the subdivision must be prepared, and approved by the city agencies, and the park dedication ordinance requirement must be satisfied. Then, to obtain final approval of the subdivision, either the subdivision improvements must be completed and accepted by the city (by dedication of all roads and easements by the subdivider to the city), or the

subdivider must provide the city with a financial guarantee that the improvements will be completed. If the subdivider chooses to obtain final approval of the subdivision by providing a financial guarantee, the city will require that the contractor's performance bond, the subdivider's completion bond, a maintenance bond, and an energizing bond be posted by the subdivider.

Since most subdivisions are completed by way of financing through a construction loan, and since the construction lender will not disburse any loan funds without the city-approved subdivision as security underlying its construction loan mortgage, the subdivider must solicit a surety company to underwrite the bonds required by the city to obtain final approval of the subdivision to satisfy the lender's legal requirements for security of the construction loan.

Before the surety issues the bonds to the city, however, the surety will require that the construction lender issue a set-aside letter to the surety. The set-aside letter irrevocably sets aside funds in the construction loan for the use of the surety in the event that the subdivider defaults in any manner in completing the subdivision as required by the city. The construction lender, however, will not issue the set-aside letter until it is assured that the subdivision project is viable, and its loan is secure. Thus, the lender requires that the subdivider pre-sell enough lots to cover the construction loan amount, to assure that the loan is secure, before it issues the set-aside letter to the surety. The subdivider therefore, must pre-sell lots to obtain final approval of the subdivision although state and city requirements prohibit these pre-sales until after final approval is granted.

This bill resolves the above-cited legal dilemma, by allowing the sale of lots upon preliminary approval of the subdivision, yet assuring that purchasers are protected. The bill establishes a procedure to allow a purchaser to rescind the transaction if there is a material difference with regard to the lot or the terms of the purchase between the preliminary and final approvals. This procedure has been patterned after the State's condominium law, which was drafted to allow pre-sales before the final public report is issued.

This bill also amends the Act to allow the Director of Commerce and Consumer Affairs to adopt rules which will assist in obtaining certification of our state law by the Secretary of Housing and Urban Development, pursuant to 15 U.S.C. section 1708. This certification will allow any offering statement for land in Hawaii to suffice for the requirements of any other state which has its law certified and vice versa. This will obviate the reregistration of a public offering statement for land in Hawaii in a multiplicity of other states where the subdivision may be sold and vice versa.

The bill also makes various housekeeping amendments, including allowing the Director to hire consultants to review any applications submitted, and raising the fees for applications and property inspections. The existing sections on revocation of orders, penalties, and civil remedies have also been amended for housekeeping purposes.

A more specific delineation of the amendments in the bill follows:

1. Section 484-3 has been amended to provide that certain persons who were exempt from the chapter, at their election, may choose to be subject to the chapter. A person who offers less than twenty separate lots within a twelve-month period, or a person who is engaged in the business of construction of buildings for resale or who acquires an interest in subdivided land for the purpose of engaging in business of construction of buildings for resale, by filing a written election with the Director of Commerce and Consumer Affairs, may choose to be subject to chapter 484.

Section 484-3 (b) has been amended to delete the provision that a subdivision granted an exemption by the Director under section 484-10 is exempt from the chapter. This clarifies that the exemption provided by section 484-10 is an exemption from the registration and public offering statement provisions of the chapter, and require that transactions for lots in subdivisions granted the exemption under section 484-10 still provide the purchaser protection afforded under the other sections of the chapter.

Section 484-4 has been amended to clarify that subdivisions exempted by the Director under section 484-10 are not subject to the registration and public offering statement provisions of the chapter.

The section has also been amended to clarify that the subdivision may be offered and sold after a preliminary order or final order registering the subdivision is entered, in accordance with the new provisions of the chapter.

3. Section 484-5 has been amended to require that the subdivider provide, as part of the application for registration of the subdivision, an executed copy of the escrow agreement in a form required by the Director.

Section 484-5 also has been amended to require that the subdivider provide, as part of the application for registration of the subdivision, any documents or information as required to assure that the Hawaii Land Sales Practices Act complies with the certification standards which the Federal Department of Housing and Urban Development may require.

4. Section 484-6 has been amended to provide that the proposed public offering statement submitted to the Director for review include information to assure full and fair disclosure as may be required to obtain certification of the registration by the Secretary of the Department of Housing and Urban Development.

Section 484-6 also has been amended to provide that the proposed public offering statement also include a statement informing the purchaser that the purchaser has a seven-day period after signing the lot purchase contract to rescind the contract without penalty.

5. Section 484-7 has been amended to require the Director to examine the application for registration to assure that the purchaser has a seven-day period after signing the lot purchase contract to rescind the contract without penalty. The new language added to this section with regard to the issuance of the notice of filing has been moved here from section 484-8.

A new subsection has been added to establish standards for the inquiry and examination of applications for exemption. The standards are substantially similar to those delineated for registration applications.

6. Section 484-8 has been amended to establish time periods within which the preliminary and final orders must be entered by the Director. The amended section also requires the Director to enter a final order exempting the subdivision if the requirements of section 484-10(g) are met.

7. In order to protect the purchasers during the pre-sale period, new sections 484-8.6, 484-8.7, and 484-8.8 adopt a structure like the one presently used in chapter 514A.

In particular, section 484-8.5(a), which corresponds to section 514A-37, authorizes the issuance of a preliminary order of registration or exemption. Section 484-8.5(b) requires the director to respond to applications for preliminary orders in the same manner as applications for final orders. Section 484-8.5(c) authorizes the subdivider to solicit sales and accept earnest money deposits upon entry of a preliminary order of registration or exemption, regardless of any county law to the contrary. Section 484-8.5(d), which corresponds with section 514A-65, requires that purchaser's funds be held in escrow until a final order is issued. However, during the seven-day rescission period given to buyers, the buyers' funds are not required to be placed in escrow if the funds either take the form of a check or other instrument payable to the escrow agent only, or where the subdivider or the subdividers' sales people cannot otherwise negotiate the instrument representing the earnest money deposit. No cash deposits may be accepted by the subdivider or agents. Section 484-8.5(e), which corresponds with section 514A-63, prohibits the subdivider from requiring the buyer to go through with the buyer's purchase until the director enters a final order of registration or exemption, even though the buyer may have signed a binding contract with the subdivider.

Section 484-8.6(a) requires the subdivider to notify the director of any material changes when the subdivider applies for a final order. Section 484-8.6(b) makes explicit that which is implicit in section 514A-63, if a material change is made in the subdivision between the time of the preliminary approval and the final approval, the purchaser should be given notice of the change and an opportunity to rescind the purchaser's contract and obtain a refund of the purchaser's earnest money deposits if the purchaser objects to the change. This is intended to give the purchaser an opportunity to determine whether such changes would have affected the purchaser's initial decision to sign the contract to purchase property, and not to allow speculators a legal means to breach their obligation to perform. To assure that subdividers are not left in limbo for a protracted period while the buyers make their decision, the buyers are given the same rescission period they were given initially--seven days--and a cut-off mechanism patterned after the one provided in section 514A-66 of the condominium law is included. Section 484-8.6(c), which corresponds with section 514A-66, permits purchasers to rescind otherwise binding sales contracts if the developer fails to obtain final approval within one year after preliminary approval is obtained. This is intended to ensure that purchasers who sign a binding contract upon entry of a preliminary order may not be held in limbo, unable to close and unable to cancel,

if the subdivider fails to obtain final approval in a timely fashion. Section 484-8.6(d) makes explicit that which is implicit in sections 514A-63, 514A-64, and 514A-66. This is provided so as to avoid any confusion as to the application of subsections (b) and (c).

Section 484-8.7 is intended to ensure that prospective purchasers who sign a reservation based on a preliminary order are notified of any material changes to the subdivision before signing a contract binding them to purchase the land previously reserved. This is intended to give the purchaser an opportunity to determine whether such changes would have affected the purchaser's initial decision to sign a reservation to purchase the property.

Section 484-8.8 establishes a receipt mechanism which is intended to assure compliance with the Act and to aid the escrow agent in determining whether the sale may be closed.

8. Section 484-10 has been amended to require that the exemption under subsection (g) be granted if the requirements of section 484-7(b) and 484-8.5 are met. These new requirements supersede the deleted requirement that the Director determine that "the plan of promotion and disposition is primarily directed to persons in the local community or county in which the subdivision is situated".

Section 484-10 also has been amended to require the Director to establish, through rules, a procedure for exemption from registration.

Subsection (f) has been amended to include language allowing the Director to seek certification of Hawaii's Act from the Secretary of Housing and Urban Development pursuant to 15 U.S.C. section 1708.

Two new subsections have been added to allow the Director to hire consultants to do the property inspection reports and review the applications for registration and exemption. This provision is patterned after the condominium law's provisions allowing consultants to review condominium filing applications.

9. Section 484-13 has been amended to extend the revocation to an exemption, as well as a registration.

10. Section 484-15 has been amended to extend the penalties for violation of the chapter to any person who willfully makes any untrue statement or omits a material fact in an application for exemption.

11. Section 484-16 has been amended to extend the liability for untrue statements or omissions of material facts to an exempt subdivision application, as well as a registration application, and extends the civil remedies available under this section to these exempt subdivision cases.

The section also has been amended to clarify that the burden of proof with respect to the subdivider's defenses in a case of an untruth or omission rests on the subdivider.

This section also clarifies that where the subdivider claims that the subdivider could not have known of the untruth or omission, that the subdivider has exercised "reasonable care" of a person "in that person's occupation". This amendment clarifies that the standard of reasonable care to be exercised by the subdivider, sales agents, or any other agents is that of a person in a professional capacity, and that this case is greater than that which a lay person would be expected to exercise.

12. Section 484-20 has been amended to update the fee structure for applications, and increase the amounts of per diem and salary of state officials and consultants for property inspections. The section also has been amended to allow the fees and amounts for expenses to be increased by rule.

It is your Committee's intent that the sums collected by the Department for payment of the consultants in their review of applications or preparation of inspection reports under section 484-10(h) and (i) be held as trust funds by the Department in lieu of deposit to the state general fund.

Your Committee wishes to acknowledge the assistance of the Hawaii State Bar Association, Real Property and Financial Services Section, which provided much of the language contained in the Conference Draft attached hereto. Their working knowledge of the state and federal land sales laws was an invaluable resource to your Committee.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1003, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading

in the form attached hereto as S.B. No. 1003, S.D. 1, H.D. 1, C.D. 1.

Representatives Hirono, Apo, Shito, Tam, Tom and Jones,
Managers on the part of the House.

Senators Young, Cobb and Ajifu,
Managers on the part of the Senate.

Conf. Com. Rep. No. 46 on H.B. No. 663

The purpose of this bill is to grant victims a basic bill of rights to be provided by the police, prosecuting attorneys, courts, victim assistance programs, the state department of social services and housing, and paroling authority.

Your Committee upon further consideration has amended the bill by narrowing its scope to provide notice to crime victims of those post-conviction governmental actions which would place the criminal who harmed them back into the community. The bill requires that written notice be given to victims of offenses described in chapter 707, offenses against the person, of the Hawaii Revised Statutes, including attempts to commit any of those offenses. This measure will also exempt state employees from liability for failure to comply with the notice requirement, but subjects them to disciplinary action.

Your Committee has further amended the bill by including a purpose section to the act to insure that it is the intent of the Legislature that victims of crimes are treated with fairness and respect and that all agencies in the criminal justice system fully cooperate with each other in assisting them by providing information and assistance.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 663, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 663, H.D. 2, S.D. 1, C.D. 1.

Representatives Stanley, Hirono, Kim, Levin, Morgado, Taniguchi,
Yoshimura and Medeiros,
Managers on the part of the House.

Senators Chang, Holt and A. Kobayashi,
Managers on the part of the Senate.

Conf. Com. Rep. No. 47 on H.B. No. 901

The purpose of this bill is to correct deficiencies and discrepancies in the election laws to facilitate the efficient planning and execution of future elections by amendments to twenty-two separate sections of election law.

Your Committee upon further consideration has amended the bill by deleting the amendments which would have required candidates to obtain notarized affidavits from their political parties certifying that the candidate is a member of that party. Your Committee finds the requirements to be unduly burdensome, especially for neighbor island candidates who may not be able to easily secure an official party affidavit.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 901, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 901, H.D. 1, S.D. 1, C.D. 1.

Representatives Stanley, Andrews, Taniguchi and Medeiros,
Managers on the part of the House.

Senators Chang, Machida and A. Kobayashi,
Managers on the part of the Senate.

Conf. Com. Rep. No. 48 on H.B. No. 1102

The purpose of this bill is to authorize the Family Court to extend a domestic protective order to one year from the date of the initial order.

Your Committee upon further consideration has made an amendment to the bill by setting the maximum time period a domestic protective order can be in effect at 180 days from the date of the initial order.

Your Committee recognizes that domestic violence is a serious problem and that extension of the present time period of 90 days when necessary will prevent violence. However, your Committee believes that one year is too long and believes 180 days is a more reasonable time for a domestic protective order. Such order is by substance a temporary restraining order which may include temporary visitation arrangements which may limit contacts between parents and children. To extend these orders for a year may detrimentally affect the stability and harmony of the relationships within the family.

Your Committee also has made technical, nonsubstantive amendments.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1102, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1102, H.D. 1, S.D. 1, C.D. 1.

Representatives Stanley, Honda, Matsuura and Medeiros,
Managers on the part of the House.

Senators Chang, Cobb and George,
Managers on the part of the Senate.

Conf. Com. Rep. No. 49 on S.B. No. 80

The purpose of this bill is to permit the Family Court to release the name and address of a juvenile law violator and the name of the parent or guardian of the juvenile to the victim when the victim intends to file a civil action for injury, damage, or death caused by the juvenile.

Your Committee upon further consideration has amended the bill to require that when a juvenile's name and address is released, the juvenile, the juvenile's legal representative, and the juvenile's parents or custodians will be notified.

Your Committee finds that as a matter of fairness, the minor, the minor's parents or custodian, and the minor's legal representative shall be apprised when information regarding the minor is released.

Your Committee does not intend that an exhaustive search be conducted to notify the parent or custodian. They need only be notified when they can be located from information the court already has. Therefore, the bill requires notification of the juvenile's parents or custodian only when practical. For the same reason, your Committee has amended the bill to permit the release of the parents' or custodians' names only when practical.

Also, your Committee has declined to permit inspection of police records by victims of juvenile traffic violations which resulted in injury or damage. The records are presently available only when death occurs. Your Committee finds that expanding availability will seriously intrude into the right of confidentiality of the juvenile. Persons who intend to sue are able to obtain the police records by application to the court through court rules. Therefore, your Committee has deleted the provision that such records shall be available for inspection when the person intends to sue for injury or damage.

Your Committee also has deleted the provision that limits inspection of police records to situations where the records contain the name and address of the minor and the name of the parent or guardian. Your Committee finds that in view of the seriousness of the loss, the victim's estate should be able to inspect the police records of the traffic violation, regardless of whether the records have the name and address of the minor and the name of the parent or guardian.

Your Committee also has made technical nonsubstantive amendments to the bill.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 80, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 80, S.D. 1, H.D. 1, C.D. 1.

Representatives Stanley, Hirono, Tungpalan and Medeiros,
Managers on the part of the House.

Senators Chang, Cobb and George,
Managers on the part of the Senate.

Conf. Com. Rep. No. 50 on S.B. No. 247

The purpose of this bill is to allow mortgage servicing agents to substitute an irrevocable letter of credit in lieu of the surety or cash bond required to be filed with the Director of Commerce and Consumer Affairs under Chapter 454D, Hawaii Revised Statutes.

Current statutory provisions require a mortgage servicing agent, as a condition of doing business, to purchase a \$25,000 cash or surety bond, which increases to \$50,000 on July 1, 1983 conditioned on the full and faithful compliance by the agent of all its duties and obligations as a mortgage servicing agent. This bill allows an irrevocable letter of credit to be substituted for the bond and gives a servicing agent an alternative to the posting of a surety or cash bond.

Your Committee upon further consideration has amended S.B. No. 247, S.D. 1, H.D. 1, to delete the phrase ". . . , or other financial institution authorized to do business in the State, . . ." which appeared on page 3, lines 6 and 7. The purpose of the amendment is to allow only letters of credit from banks and savings and loan associations to be used in lieu of a bond.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 247, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 247, S.D. 1, H.D. 1, C.D. 1.

Representatives Shito, Kim, Matsuura, Taniguchi and Ikeda,
Managers on the part of the House.

Senators Cobb, Chang, Uwaine and Henderson,
Managers on the part of the Senate.

Conf. Com. Rep. No. 51 on S.B. No. 555

The purpose of this bill is to: (1) increase the service fee for an original certificate of compliance from \$1 to \$5, and additional copies from 25 cents to \$1; (2) establish a fee of \$15 for service of process upon corporations; (3) increase the fee for filing a certificate of registration of a print, label, or trademark from \$10 to \$25; (4) increase fees for legal processes and notices from \$5 to \$10; and (5) amend Section 26-9(k), Hawaii Revised Statutes, to provide the Director of Commerce and Consumer Affairs with the authority to increase or decrease these fees by rules in accordance with Chapter 91, Hawaii Revised Statutes.

Your Committee finds that many of these fees have not been changed for decades and no longer cover the costs of services. This bill would rectify this situation by increasing the fees and by giving the Director of Commerce and Consumer Affairs the authority to increase or decrease fees in accordance with Chapter 91, Hawaii Revised Statutes. With this authority, the Department will be able to maintain a reasonable relationship between the fees and the costs of services without seeking future statutory amendments.

Your Committee has amended the bill to require that the new fees and the portion thereof representing the increase over the old fees be placed in the Business Registration Division's special fund established by Act 244, SLH 1982, and the balance deposited to the general fund until June 30, 1984, after which date the entire portion of the fee shall be so deposited. Your Committee finds that the revenues which will be generated by the additional service fees proposed in this bill should first be utilized by the agency which provides the services.

Your Committee has further amended the bill by making technical changes which have no substantive effect.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 555, S.D. 2, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 555, S.D. 2, H.D. 2, C.D. 1.

Representatives Shito, Hirono, Kim, Levin, Matsuura and Ikeda,
Managers on the part of the House.

Senators Yamasaki, Cobb and Ajifu,
Managers on the part of the Senate.

Conf. Com. Rep. No. 52 on S.B. No. 711

The purpose of this bill is to bring the law on psychology into conformity with recommendations made by the Attorney General and the Legislative Auditor.

This bill:

- (1) Deletes references to gender and indefinite modifiers;
- (2) Deletes the requirement that psychologists be of "good moral character" as a condition for being licensed and would instead require them to be "professionally competent" with a "demonstrated knowledge in the practice of psychology";
- (3) Replaces the word "certification" and variations thereof with the word "licensing" and variations thereof to clarify that psychologists are "licensed";
- (4) Allows the board of certification for practicing psychologists to place a license, or put a licensee on conditional probation for certain violations; and
- (5) Repeals section 465-14.5 and adds the substance of it to section 465-15 for purposes of clarity.

Your Committee is aware of a projected interim study of the law on psychology by a representative committee drawn from the psychological community and expects that further refinement of this law may be recommended prior to the 1984 legislative session.

Your Committee has amended the bill by establishing requirements for persons using the title of industrial/organizational psychologists.

Your Committee has also made technical changes which have no substantive effect.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 711, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 711, S.D. 1, H.D. 1, C.D. 1.

Representatives Shito, Hirono, Lardizabal, Matsuura and Ikeda,
Managers on the part of the House.

Senators Cobb, Chang, Uwaine and Soares,
Managers on the part of the Senate.

Conf. Com. Rep. No. 53 on S.B. No. 800

The purpose of this bill was to allow claims against entities employing design professionals, to enable the Department of Commerce and Consumer Affairs to terminate the claims hearing upon the mutual consent of the parties, and to provide for retroactive application of chapter 627, Hawaii Revised Statutes.

Your Committee finds that there is a need to clarify present law so that claims may be filed against corporations and other entities employing a design professional as well as the design professional individually.

Your Committee further finds that the parties to any claims hearing should have the option to waive the claims hearing by mutual consent and to litigate any claims pursuant to section 672-8, Hawaii Revised Statutes. Allowing the Department of Commerce and Consumer Affairs to terminate the panel hearing upon the mutual consent of the parties when the hearing would not be beneficial to the parties or when the hearing is an improper forum for review would be in the best interests of the parties.

Because of questions raised as to whether or not the provisions of chapter 672 apply to claims which arose prior to the effective date of the chapter but on which no legal action had been initiated as of the effective date, this bill makes it clear that such claims are covered by chapter 672.

Your Committee upon further consideration has amended S.B. No. 800, S.D. 1, H.D. 1 to:

- (1) Add language to the termination of proceedings provision to clarify that the Department of Commerce and Consumer Affairs may terminate panel proceedings

prior to the appointment of a chairman and the chairman can terminate proceedings if one has been appointed;

- (2) Add the word "termination" to the title of section 672-4 and divide the section into subsections (a) and (b) with the termination language being placed in subsection (b);
- (3) Delete section 2 of the bill to correct a drafting oversight and accordingly renumber the subsequent sections;
- (4) Substitute the word "chairman" for "chairperson" wherever it appears in the bill.

Your Committee has further amended the bill to make technical non-substantive changes.

Your Committee is concerned about the feasibility of allowing other parties who are non-design professionals to participate in the design professional conciliation hearings and requests the Department of Commerce and Consumer Affairs to study this issue and submit the results of their study to the Legislature no later than twenty days prior to the convening of the 1984 legislative session.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 800, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 800, S.D. 1, H.D. 1, C.D. 1.

Representatives Stanley, Shito, Tungpalan and Ikeda,
Managers on the part of the House.

Senators Cobb, Holt and Henderson,
Managers on the part of the Senate.

Conf. Com. Rep. No. 54 on S.B. No. 1338

The purpose of this bill was to address concerns expressed by the Legislative Auditor's Sunset Evaluation Report on the Real Estate Commission.

Chapter 467, Hawaii Revised Statutes, entitled: Real Estate Brokers and Salesman, which regulates real estate activity in Hawaii, was the subject of the Legislative Auditor's Report No. 83-7. In his report the auditor cited the need for "continued regulation of real estate salespersons and brokers", but recommended "chapter 467, Hawaii Revised Statutes, be amended".

Senate Bill 1338, S.D. 2, H.D. 2, addresses these concerns by:

- (1) Deleting the good character requirement of section 467-8, and the residency requirement of section 467-9.5;
- (2) Authorizing the Commission to establish deadlines for the submission of license applications;
- (3) Clarifying the Commission's authority to establish experience guidelines;
- (4) Increasing the maximum liability of the Real Estate Recovery Fund from \$40,000 to \$50,000 for any one licensee, and to increase the ceiling amount for recovery from the Real Estate Recovery Fund from \$10,000 to \$20,000 per transaction;
- (5) Allowing the Department of Commerce and Consumer Affairs to make a special assessment on all licensees at anytime that the minimum balance in the Real Estate Recovery Fund falls below \$150,000;
- (6) Authorizing the Commission to prescribe by rule such other conditions relating to licenses as it deems necessary.

Your Committee upon further consideration has amended the bill by increasing the ceiling amount for recovery from the Real Estate Recovery Fund from \$20,000 to \$25,000 per transaction, by raising the minimum balance of the recovery fund from \$150,000 to \$350,000, and by making a technical non-substantive change.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1338, S.D. 2, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1338, S.D. 2, H.D. 2, C.D. 1.

Representatives Shito, Hirono, Kawakami, Kiyabu, Lardizabal,
Souki, Tom and Ikeda,
Managers on the part of the House.

Senators Cobb, Chang, B. Kobayashi and Soares,
Managers on the part of the Senate.

Conf. Com. Rep. No. 55 on S.B. No. 1247

The purpose of this bill is to amend section 286-172, Hawaii Revised Statutes, to permit reasonable access to motor vehicle registration records contained in the statewide traffic records system while maintaining safeguards to ensure that any information obtained will not be used to invade the privacy of individuals.

Under present law, motor vehicle registration information contained in the statewide traffic records system may only be furnished by the director of transportation to: (a) a person having a legitimate reason, as determined by the director, to obtain the information for verification of vehicle ownership, traffic safety programs or statistical reports or (b) a person required or authorized by law to give written notice by mail to vehicle owners. Other information contained in the statewide traffic records system is presently obtainable by any person in response to governmental requests or by any person authorized under rules of the department of transportation.

The present law has been interpreted to require certain persons otherwise eligible to receive motor vehicle registration information to give written notice by mail to the owners of the vehicles regarding which information is sought. Your Committee finds that it was not the intent of the legislature in enacting Act 194, Session Laws of 1981, that persons be required to give notice to the owners of the vehicles.

This bill would allow any of three categories of persons eligible for receipt of such information: (1) requests from persons on behalf of a state, county, or federal agency or other persons authorized by department of transportation rule; (2) requests from persons having a legitimate reason, as determined by the department of transportation, for traffic safety programs or for research and statistical reports; or (3) persons required or authorized by law to mail notices to vehicle owners.

Presently, persons requesting motor vehicle registration information contained in the statewide traffic records system must file an affidavit stating the reasons for obtaining the information and assuring that the information will only be used for such reasons, that individual identities will be protected, and that the information will not be used to compile a "mailing" list for commercial solicitation, debt collection, or other prohibited purposes. This bill would make this affidavit requirement apply to requests for any information contained in the statewide traffic records system. It would also expand the prohibition against using the information for a commercial "mailing" list to include any kind of list and would clarify that such a list could not be used for commercial solicitations "by mail or otherwise".

This bill would treat persons who qualify to receive motor vehicle information and who request the entire file of information the same as persons requesting only part of the file. The bill explicitly provides that the fee to be charged for the information would be set by the director.

The bill deletes the requirement of filing with the director of transportation a corporate surety bond in favor of the State in the penal sum of \$25,000. The current bond amount has been determined to be inadequate. Your Committee has therefore amended the bill to require a bond to be filed with the director in a sum to be determined by the director. This will assure continued compliance with the terms and conditions agreed upon in the affidavit. This will also allow the director flexibility in adjusting the surety bond based on the information requested.

Your Committee upon further consideration has also amended the bill to clarify those persons otherwise qualified under subsection (a)(2) to receive the entire motor vehicle registration information. Such information shall be provided to persons who perform recalls authorized by the federal government or recalls on behalf of manufacturers to promote public health, safety and welfare.

A requirement that any person receiving the information under (1), (2), or (3) would hold the state and any agency thereof harmless from all claims for improper use or release of such information has been included.

Your Committee has further amended the bill by making non-substantive changes for the purpose of clarity and conformance with recommended drafting style.

Your Committee believes this bill will allow reasonable access to information contained in the statewide traffic records system and simultaneously protect the privacy rights of individuals whose names appear in the records. The director of transportation is provided discretion in the releasing of information upon compliance with certain enumerated conditions to prevent abuse of information.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1247, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1247, S.D. 1, H.D. 1, C.D. 1.

Representatives Taniguchi, Shito, Honda, Kim and Medeiros,
Managers on the part of the House.

Senators Uwayne, Yamasaki and Soares,
Managers on the part of the Senate.

Conf. Com. Rep. No. 56 on H.B. No. 753

The purpose of this bill is to amend Section 302(a), of the Hawaiian Homes Commission Act to reflect the recent reapportionment of voting districts by deleting the requirements that the three Honolulu members reside in certain Senatorial districts, and to specify that, of the eight members on the Hawaiian Homes Commissions, there be at least one attorney, one real estate broker, one teacher, and one businessman.

Under present law membership on the Commission must include three residents of the City and County of Honolulu, one each from the Third Senatorial District, the Fourth Senatorial District, and the Fifth, Sixth, or Seventh Senatorial District. Neighbor island county representatives are selected on a county basis. This bill would change senatorial district representation from Oahu to island-wide representation.

Your Committee has discussed fully the bill's additional proposal that the eight-member Commission include at least one attorney, one real estate broker, one teacher, and one businessman. Your Committee is of the opinion that there should be no occupational specification in designating members to the Commission. The appointing authority should have flexibility in selecting qualified people whatever their occupations might be. Thus, your Committee has deleted the underscored proviso from lines 8-14 on page 2.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 753, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 753, S.D. 1, C.D. 1.

Representatives Say, Crozier, Nakata, Souki and Dang,
Managers on the part of the House.

Senators Machida, Holt and A. Kobayashi,
Managers on the part of the Senate.

Conf. Com. Rep. No. 57 on H.B. No. 1587

The purpose of this bill was to require liquor wholesalers to order, purchase, and receive liquor from the primary source of supply for the brand of liquor sought to be sold and provide that no supplier shall solicit, accept or fill any order for a licensee unless the supplier is the primary source of supply.

Your Committee finds that the bill acknowledges the right of any manufacturer in a free market to select or franchise wholesalers through which its products will be sold or distributed. Your Committee further finds that the bill is not a franchise protection law, but that it permits franchises to exist as in the case of a free market. Your Committee feels that this "primary source" law would encourage competition, prevent monopolies, and facilitate tax collection and liquor control.

Pursuant to this bill, the penalty for violation shall be the revocation of the license for not less than six months.

Because of concerns as to the effect of the bill on present wholesalers, the bill grandfathers all liquor wholesalers who were licensed and actively engaged in the wholesale liquor business in Hawaii on April 1, 1983 and all persons who had a request for a liquor license on file with the applicable liquor commission on that date. Hence, no one presently in the liquor business should be adversely affected by this bill. The bill provides, subject to an exception for transfers to relatives, that a licensee loses its grandfathered status upon a change in ownership. The Committee intends that this provision be interpreted strictly to prevent persons who enter the liquor business after April 1, 1983 from "purchasing" or otherwise obtaining the use of a grandfathered license and thus, avoiding the prohibitions of the bill. In this connection, the Committee intends that the bill preclude persons entering the business after April 1, 1983 from utilizing grandfathered licenses through the formation of joint ventures or similar business arrangements with grandfathered licensees.

Your Committee upon further consideration has therefore amended the bill to provide that if the licensee is a corporation, a change in ownership shall be deemed to be a change in ownership of twenty-five per cent or more of the capital stock, or a change in ownership of any number of shares of stock which results in the transferee thereof becoming the owner of twenty-five per cent or more of the outstanding capital stock. A sale or transfer of ownership of a licensee, including transfers of stock if the licensee is a corporation, to a spouse, the children or grandchildren, the parents or grandparents, a brother, a sister or other relative of the present owner shall not be deemed to be a change in ownership for purposes of the bill.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1587, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1587, H.D. 1, S.D. 1, C.D. 1.

Representatives Shito, Kim, Honda, Matsuura and Ikeda,
Managers on the part of the House.

Senators Cobb, B. Kobayashi, Uwayne and Soares,
Managers on the part of the Senate.

Conf. Com. Rep. No. 58 on S.B. No. 904

The purpose of this bill was to establish standards for the business relationship between suppliers of office machine products and dealers.

As received by your Committee, the main thrust of this bill was to protect the market area of dealers by restricting suppliers from establishing new dealers in a market serviced by an existing dealer of the same product.

Upon further consideration of this measure, your Committee has extensively amended the bill. As amended, the bill focuses on wrongful or illegal termination or cancellation of a "dealership" or unreasonable refusal to renew the dealership. A "dealership" is defined as an agreement between a "distributor" and a "dealer" in which the dealer is granted the right, for a definite or indefinite period of time, to sell products on behalf of a distributor to consumers.

The dealer is given a cause of action against a distributor who wrongfully terminates or unreasonably refuses to renew a dealership. The bill also allows a distributor to terminate a dealership for cause, but specifies that termination or failure to renew for the purpose of enabling the distributor to assume operation of the dealer's business shall not be considered good cause unless the dealer is paid reasonable compensation. In addition, the bill provides for return of inventory and cancellation of debts owing from the dealer to the distributor on account of the inventory upon termination of a dealership.

Your Committee notes that the amendments to the bill are largely based on Chapter 486H, Hawaii Revised Statutes, which sets standards for the business relationship between petroleum distributors and gasoline dealers.

Your Committee finds that this bill, as amended, will help to equalize the relationship between distributors and dealers.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 904, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the

form attached hereto as S.B. No. 904, S.D. 1, H.D. 1, C.D. 1.

Representatives Shito, Hirono, Kim, Lardizabal, Wong and Ikeda,
Managers on the part of the House.

Senators Cobb, B. Kobayashi and Soares,
Managers on the part of the Senate.

Conf. Com. Rep. No. 59 on H.B. No. 1018

The purpose of this bill is to permit the establishment of international banking facilities in Hawaii.

Your Committee finds that international banking facilities would promote foreign investment, especially from Asia, promote Hawaii as a financial center, and yet not pose a threat to domestic financial institutions.

The bill provides that international banking facilities be placed within the Department of Commerce and Consumer Affairs for regulatory and administrative purposes and appropriates \$25,000 to the department to carry out such functions.

The department, however, has informed your Committee that international banking facilities are thoroughly regulated by the Board of Governors of the Federal Reserve Board. Any attempt by the State of Hawaii to regulate these facilities, therefore, would be duplicative and of little economic utility. The department prefers to serve mainly a record-keeping function by receiving notice when a financial institution desires to establish an international banking facility and copies of quarterly operations reports prepared for the Federal Reserve Board. With this more limited function, the \$25,000 appropriation would not be needed.

Your Committee upon further consideration has amended H.B. No. 1018, H.D. 2, S.D. 2, as suggested by the Department of Commerce and Consumer Affairs, to limit the department's function to receiving notice of establishment of an international banking facility and copies of quarterly operations reports. The appropriation, accordingly, has been deleted. Technical amendments utilizing correct bill drafting style have also been made.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1018, H.D. 2, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1018, H.D. 2, S.D. 2, C.D. 1.

Representatives Shito, Say, Kiyabu, Hirono, Matsuura, Wong,
Kawakami and Ikeda,
Managers on the part of the House.

Senators Yamasaki, Cobb and Ajifu,
Managers on the part of the Senate.

Conf. Com. Rep. No. 60 on S.B. No. 903

The purpose of this bill is to allow the Board of Land and Natural Resources to designate geothermal resource subzones within all four (4) land use classifications: conservation, agricultural, rural and urban. In addition, the bill would allow a person who discovers mineral resources on State land to be reimbursed for the direct and indirect costs of exploration if that person is later unsuccessful in obtaining a mining lease from the State to develop that resource.

Under the provisions of this bill, the Land Board would have the sole authority to: (1) designate subzones; and (2) control geothermal development within those subzones. Your Committee believes however, that the better approach would be to have the counties control development within the agricultural, rural and urban districts once a subzone has been established by the Land Board. S.B. No. 903, S.D. 1, H.D. 2, has therefore been amended to continue the present system of county control within these three land use designations.

Your Committee has also clarified the procedures to be followed by the Land Board in selecting a potential subzone site and the procedures to be followed in designating a parcel of land as a subzone. It is your Committee's intention that the Land Board designate subzones pursuant to its rule-making procedures and thereafter all geothermal activities

within the subzones shall be governed by all currently applicable statutes, including Chapters 183, 205A, 226 and 343.

The bill also lists seven factors or criteria to be assessed by the Land Board before designating a subzone. The Land Board may use currently available public information by which to assess potential subzone areas rather than engaging in an extensive and costly survey throughout the State.

Your Committee has amended the wording of the second criterion listed in subsection (b) to require the Land Board to examine the prospects for the utilization of geothermal energy in the area. In this way, the Land Board is to review the likelihood of a potential geothermal subzone to be developed should the area actually be designated as a subzone. The Land Board would thus be required to give higher priority to designate areas as subzones which have a high likelihood of development by the landowner than those areas which are likely to remain undeveloped.

Other changes in the bill concern the use of the word "compatible" in the fifth criterion in assessing the potential conflicts between geothermal development and any potential related industries to surrounding land uses in the development area. The last criterion in subsection (b) also requires the Land Board to consider the relationship of potential impacts of geothermal development and related industries to the purposes and policies of the Conservation District where a geothermal subzone encompasses conservation lands. Your Committee believes that it is not the intent of this bill to require that the nature of the surrounding uses or the purposes and policies of the Conservation District strictly conform to geothermal development, but only that the Land Board examine the relationship of geothermal development with the other uses allowed in that land use classification or uses within surrounding lands.

Your Committee realizes that geothermal development may in some instances not be strictly compatible with surrounding uses or the purposes of the Conservation District. However, a subzone could be designated after the potential impacts have been assessed and where it is found that it is important to develop the geothermal energy potential of the area. Your Committee therefore realizes that the compatibility must be examined in the form of finding an acceptable relationship among the differing objectives and policies rather than requiring strict compatibility.

Senate Bill 903, S.D. 1, H.D. 2, has further been amended to require that after a consideration of all potential areas for subzone designation, the Land Board shall select those areas that can best demonstrate an acceptable balance among the criteria set forth in the bill. This determination will then require that all seven criteria be given equal consideration in the designation of a subzone.

An additional provision made to S.B. No. 903, S.D.1, H.D. 2, is to provide that a landowner or person with an interest in land may submit a petition to the Land Board for designation of a parcel of land as a geothermal resource subzone. This procedure would allow potential subzone areas which have not been initially designated as subzones by the Land Board to be later included as a subzone if the particular parcel of land satisfies the criteria set forth in the bill.

Your Committee is aware that there are developers within the State who currently have permits which allow active geothermal exploration or development and has specifically provided that the enactment of this bill is not intended to affect any of those ongoing activities or rights. Any further or future expansion of those geothermal exploration and development activities within the State will, however, have to comply with the provisions of this bill upon its enactment.

Your Committee is in accord with the intent and purpose of S.B. No. 903, S.D. 1, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 903, S.D. 1, H.D. 2, C.D. 1.

Representatives Say, Okamura, Kiyabu, Kawakami, Kiyabu-Saballa,
Matsuura, Menor, Morgado, Yoshimura and Isbell,
Managers on the part of the House.

Senators Aki, Machida and Henderson,
Managers on the part of the Senate.

Conf. Com. Rep. No. 61 on S.B. No. 787

The purpose of this bill was to provide that apartment owners who wish to change their designated parking stalls need only get the approval of owners whose stalls are affected, the lessor and the mortgagee.

Your Committee upon further consideration has amended this measure. The bill, as amended:

- (1) Amends Section 514A-82 to require the bylaws to provide for manner of collecting costs and fees recoverable under Section 514A-94 and late charges; to require association and board meetings to be conducted under the most current edition of Roberts Rules of Order; and to provide for penalties for violations of the declaration, bylaws, and administrative rules.
- (2) Adds a new section to require that board meetings be open to all members of the association, subject to provisions for executive sessions.
- (3) Adds a new section regarding proxies.
- (4) Adds a new section requiring the keeping of a membership list of association members.
- (5) Adds a new section requiring keeping of minutes of board and association meetings as well as the association's financial statements.
- (6) Clarifies Section 514A-88.
- (7) Adds Section 514A-89 which allows work to be done on the property with the consent of seventy-five per cent of apartment owners required to amend the declaration rather than all owners.
- (8) Adds Section 514A-94 to provide that if any claim by an owner against an association or board is substantiated, reasonable expenses, costs and attorneys' fees incurred by an owner shall be awarded to the owner, provided the owner allowed the board reasonable time to pursue the enforcement or the owner shows to the satisfaction of the court that a demand for enforcement made to the board would have been fruitless.

Your Committee also amended the bill to conform to recommended drafting style.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 787, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 787, S.D. 1, H.D. 1, C.D. 1.

Representatives Shito, Hayes, Hirono, Tom and Ikeda,
Managers on the part of the House.

Senators Cobb, Chang, B. Kobayashi and Henderson,
Managers on the part of the Senate.

Conf. Com. Rep. No. 62 on H.B. No. 966

The purpose of this bill was to require insured motorists to obtain from the insurer of the vehicle an insurance certificate stating that a no-fault insurance policy was in force for the owner of the vehicle and that the policy, if written within the preceding thirty days had at least three months of pre-paid coverage. The certificate was to contain the name of the insurance company and the signature of an authorized representative of the insurance company.

The bill further required that every no-fault insurer issue a certificate when requested by an insured to provide proof of insurance.

Finally, the bill required that an insurer notify the Director of Finance of the county in which a vehicle was registered if the insurer had reason to believe that the vehicle was no longer insured. The Director was to hold the notice until the next vehicle inspection due date and at that time the owner was to prove that insurance was in force and had been since the last inspection date, or be subject to a fine as an uninsured motorist. This requirement and the proof of three months of pre-paid insurance was to rectify the

situation wherein motorists obtain no-fault certificates and later cancel or fail to pay for their policies.

Your Committee concurs with the necessity of dealing with the problems caused by uninsured motorists who comprise approximately 19.4 per cent of drivers in Hawaii. This minority of drivers who refuse to obtain the motor vehicle insurance coverage required under the law, exercise the privilege of driving without assuming the concomitant responsibility to obtain and maintain valid no-fault insurance. These uninsured motorists pose a threat to the rest of society.

Your Committee, upon further consideration, has amended the bill:

- (1) To provide for proof of financial responsibility upon conviction of failure to have an effective no-fault insurance policy as required by Section 294-8(a), Hawaii Revised Statutes;
- (2) To provide for an initial no-fault policy which has been pre-paid for two months or enrollment in an established payroll deduction plan whereby direct payment can be made to the insurer by the insured's employer;
- (3) To provide that no-fault policies shall be issued for a period of not less than six months;
- (4) To provide that failure to display no-fault cards as required under Section 294-8.5, Hawaii Revised Statutes, shall be prima facie evidence of failure to have current no-fault insurance;
- (5) To provide for, in addition to the no-fault identification card currently required pursuant to Chapter 294, Hawaii Revised Statutes, an adhesive identification card showing the motor vehicle serial number, insurance policy number, description of the insured vehicle, and, in bold print, the date of expiration of the insurance policy;
- (6) To provide that the insurer shall issue the no-fault cards only for the policy period;
- (7) To provide that if the insured wishes to cancel or terminate a no-fault policy and requests premium refunds, the insured shall return the cards to the insurer by registered or certified mail, or in person;
- (8) To provide that each card shall have a large number signifying the month of expiration of the no-fault policy, and shall be of such size, color, and print size as determined by the commissioner by rule adopted pursuant to chapter 91, Hawaii Revised Statutes;
- (9) To provide that the insured shall attach the adhesive identification card to the inside lower right corner of the insured vehicle's front windshield; provided that in the case of vehicles of less than four wheels, the card shall be attached adjacent to the vehicle's safety inspection sticker;
- (10) To provide that anyone who fails to display an adhesive no-fault identification card as required by Section 294-8.5, Hawaii Revised Statutes; or who makes, issues, or knowingly uses any fictitious, or fraudulently altered no-fault insurance identification card; or upon any public highway or in any public place, as defined in Section 711-1100, Hawaii Revised Statutes, displays or causes or permits to be displayed a no-fault insurance identification card knowing that the no-fault policy was canceled, shall be in violation of the no-fault insurance law;
- (11) To provide that, upon cancellation or refusal to renew an insurance policy, written notice shall be given to the insured, not less than thirty days prior to the effective date of such cancellation or refusal to renew, and within ten days following the insured's receipt of such notice, the insured shall provide to the Director of Finance a photocopy of a current binder, insurance policy, or no-fault identification card;
- (12) To provide that meter maids, in addition to police officers, shall be authorized to issue citations for failure to display a current adhesive no-fault identification card;

- (13) To provide that such a violation for failure to display a current adhesive no-fault identification card shall be subject to a fine of not less than \$300, \$100 of which shall be deposited into the General Fund, \$100 of which shall be deposited to the account of the county in which the citation was issued, and the balance, if any, shall be deposited into the Assigned Claims Fund;
- (14) To provide that, in order to establish a defense against a violation, the insured shall provide both a valid no-fault card showing insurance coverage on the date of the citation, and, in addition, independent verification from the insurer who issued the no-fault card that the defendant did in fact have a valid no-fault policy in effect on the date the citation was issued;
- (15) To provide that any person on a public highway or in a public place may be issued a citation for a violation of the no-fault law and that such a citation shall be issued to both the registered owner and the operator of the vehicle if the operator is not the same person as the owner;
- (16) To provide that this bill does not affect rights and duties which matured, penalties which were incurred, or proceedings which were begun prior to its effective date;
- (17) To provide that this bill shall take effect on January 1, 1984; provided that any provision in this bill relating to the functions and duties of the Insurance Commissioner concerning the adoption of rules shall take effect upon approval;
- (18) To provide further that this bill is repealed effective June 30, 1986; and
- (19) To provide for an interim report to be made by June 30, 1985 by the Insurance Commissioner regarding the status of uninsured motorists in the State.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 966, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 966, H.D. 2, S.D. 1, C.D. 1.

Representatives Shito, Kim, Honda, Lardizabal, Gaulty and Ikeda,
Managers on the part of the House.

Senators Cobb, Chang, Uwaine and Henderson,
Managers on the part of the Senate.

Conf. Com. Rep. No. 63 on S.B. No. 1279

The purpose of this bill is to merge the Environmental Quality Commission and the Environmental Council and realign their functions with the Office of Environmental Quality Control. This bill will consolidate the fragmented functions of these groups and will streamline the evaluation and review of environmental impact statements.

This bill will require the director of the Office of Environmental Quality Control to be an ex-officio voting member of the Environmental Council. The director will be exempt from the representation requirements and staggered term of membership restrictions placed on other members of the council. This bill also clarifies that the director need not be the chairperson of the council.

Your Committee upon further consideration has amended the bill to clarify that the Environmental Council chairperson or the director of the Office of Environmental Quality Control, upon notifying the Council chairperson, will call for meetings of the Council.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1279, S.D. 2, H.D. 2, C.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1279, S.D. 2, H.D. 2, C.D. 2.

Representatives Okamura, Say, Crozier, Kawakami, Kiyabu,
Kiyabu-Saballa, Nakata and Dang,
Managers on the part of the House.

Senators Yamasaki, Chang and A. Kobayashi,
Managers on the part of the Senate.

Conf. Com. Rep. No. 64 on S.B. No. 834

The purpose of this bill is to establish a state-funded job training program for dislocated workers under the federal Job Training Partnership Act (JTPA) of 1982.

This bill establishes a dislocated workers program to assist individuals, such as those who have lost or will lose their jobs because of company closure, to obtain other employment through a variety of services, including training, job search assistance, and relocation assistance.

Under the JTPA, states are required to match federal funds, dollar for dollar, through non-federal contributions. The program and funding provided by this bill fulfills this requirement and would allow the State to receive federal funds to establish a program for its dislocated workers.

Your Committee has deleted the appropriation from the bill and funded the program through the General Appropriations Act.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 834, S.D. 1, H.D. 2, as amended herein, and recommends it pass Final Reading in the form attached hereto as S.B. No. 834, S.D. 1, H.D. 2, C.D. 1.

Representatives Tungpalan, Kiyabu, Graulty, Honda, Kawakami,
Levin, Yoshimura and Anderson,
Managers on the part of the House.

Senators Yamasaki, Mizuguchi and A. Kobayashi,
Managers on the part of the Senate.

Conf. Com. Rep. No. 65 on S.B. No. 1062

The purpose of this bill is to provide for the development of high technology enterprises in Hawaii in order to demonstrate Hawaii's commitment to these enterprises:

- (1) By creating a high technology development corporation, assigned to the Department of Planning and Economic Development for administrative purposes, which would have the authority to develop industrial parks for the location of high technology enterprises and to assist in the construction of facilities for such enterprises through the issuance of special purpose revenue bonds, and which would have a governing board composed of public officials and members of the general public who have proven expertise in fields that can assist in the development of high technology enterprise in Hawaii;
- (2) By creating a Pacific International Center for High Technology Research, attached to the University of Hawaii, which would assist the corporation in its efforts; promote educational, scientific, technological, and literary pursuits in high technology; and provide support for the high technology industry in Hawaii by undertaking a number of educational, training, and other activities involving the United States and other nations;
- (3) By establishing a special fund from which the development corporation would be authorized to expend future appropriations or contributions from non-state sources, and which may be used as matching funds under agreements with any state, county, or other organization; and
- (4) By providing appropriations for fiscal year 1983-1984 for both the development corporation and the Pacific International Center for High Technology Research.

Your Committee finds that the development of high technology industries in Hawaii is most desirable as a means of diversifying our economy, of creating additional employment opportunities for Hawaii's people, and increasing personal income. Establishment of a public corporation to provide the appropriate infrastructure for the development of this industry and an institute in Hawaii to create opportunities for the international interchange

of scientific and technological expertise and knowledge are highly desirable and innovative mechanisms to attract high technology firms to Hawaii.

Your Committee has amended the bill as follows:

- (1) By deleting the requirement that four of the appointed members of the Board of Directors shall be private individuals, one from each county, in order to allow the Governor greater leeway in selecting the most qualified personnel;
- (2) By raising the appropriation for the High Technology Development Corporation from \$1 to \$100,000 for fiscal year 1983-1984; and
- (3) By raising the appropriation for the Pacific International Center for High Technology Research from \$1 to \$50,000 for fiscal year 1983-1984.

Your Committee has further amended the bill by making technical changes which have no substantive effect.

Your Committee is aware that creation of the new Pacific International Center for High Technology Research would require the University of Hawaii to find a suitable site for the Center. Your Committee is in agreement that Kahi O Mohala, the former Marks Estate site, would be a perfect location for the Center.

Your Committee strongly urges the Administration to take appropriate action to establish the international center at that location.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1062, S.D. 2, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1062, S.D. 2, H.D. 2, C.D. 1.

Representatives Say, Kiyabu, Bunda, Hashimoto, Kawakami,
Menor and Dang,
Managers on the part of the House.

Senators Yamasaki, Aki and Soares,
Managers on the part of the Senate.

Conf. Com. Rep. No. 66 on S.B. No. 4

The purpose of this bill is to provide appropriations for specific capital improvement projects throughout the State.

Your Committee has agreed to provide appropriations for specific capital improvement projects throughout the State. Your Committee believes that the projects contained herein reflect the Legislature's continued commitment to projects which reflect the needs and desires of the people of the State.

Your Committee believes that this bill will assist the State in meeting those public purposes through additional capital improvements.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 4, S.D. 1, H.D. 1, as amended herein, and recommends it pass Final Reading in the form attached hereto as S.B. No. 4, S.D. 1, H.D. 1, C.D. 1.

Representatives Kiyabu, Kawakami, Bunda, Chun, Crozier,
Gaulty, Levin, Morgado, Nakata, Souki, Tam, Wong, Yoshimura,
Anderson and Isbell,
Managers on the part of the House.

Senators Yamasaki, B. Kobayashi, Aki, Chang, Hagino, Holt, Machida,
Mizuguchi, Solomon, Uwayne, Young, Ajifu, Henderson and Soares,
Managers on the part of the Senate.

Conf. Com. Rep. No. 67 on H.B. No. 387

The purpose of this bill is to appropriate funds to the Judiciary for the 1983-85 fiscal biennium.

Your Committee concurs with the overall approach of previous drafts of this bill which recognized that the spending ceiling prescribed in Section 37-92, Hawaii Revised Statutes, would severely limit the Judiciary's ability to respond effectively to the enormous growth in case filings. The ceiling is restrictive because the Judiciary budget has had to accommodate the cost of recent transfers of responsibilities from other government agencies and the implementation of new laws and other legislative directives.

This bill has been amended to reflect your Committee's determination of the needs of the Judiciary to operate effectively and efficiently. Where programs are directly related to resolving congestion, delay, and backlogs, they have been authorized as requested; where they seem to be accomplishing their objectives but are only indirectly related to judicial services, they have been deferred to the second year of the biennium and, in many instances, to the 1985-87 biennium; where there are uncertainties as to their effectiveness, they have been held to current levels or eliminated entirely; where funds were previously earmarked for utility expenses for Kauikeaouli Hale and Kaahumanu Hale, they have been deleted because such expenses will be paid from an appropriation to the Department of Accounting and General Services in H.B. No. 1, H.D. 1, S.D. 1, C.D. 1; and in very limited circumstances, some new programs are authorized to proceed because of their vast benefit potential. One such program is the plan to speed payments to vendors through a new Judiciary check issuance system as authorized in Section 40-51, Hawaii Revised Statutes; another is the renovation of the Kapuawai Building to centralize and house Judiciary programs that are presently occupying private office space. The Department of Accounting and General Services is directed to assist the Judiciary in both efforts. This overall approach to the Judiciary budget acknowledges the fiscal constraints facing the State, yet recognizes that the primary forces which have had impact on the budget are forces outside the control of the Judiciary.

A total of \$35,301,607 and \$36,911,890 in general funds is provided for FY 1983-84 and FY 1984-85, respectively. In addition 11 capital improvement projects representing \$11,840,000 in general obligation bond funds have been provided for the 1983-85 fiscal biennium.

Your Committee has provided the Judiciary with funds and positions to continue to improve its capability to perform relevant and sophisticated program analysis and evaluation of performance, and to actively implement planning at all levels of management in the Judiciary. This in essence will form the basis for assisting Judiciary management, and the Legislature as well, in making sound decisions.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 387, H.D. 2, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 387, H.D. 2, S.D. 2, C.D. 1.

Representatives Kiyabu, Bunda, Chun, Crozier, Graulty, Levin,
Kawakami, Morgado, Nakata, Souki, Tam, Wong, Yoshimura,
Anderson and Isbell,
Managers on the part of the House.

Senators Yamasaki, Chang and B. Kobayashi,
Managers on the part of the Senate.

Conf. Com. Rep. No. 68 on S.B. No. 937

The purpose of this bill is to implement the constitutional mandate to provide a tax refund or tax credit when, under certain conditions, there is a balance in the State General Fund.

Article VII, Section 6, of the Constitution of the State of Hawaii requires the Legislature to provide for a tax refund or tax credit to the taxpayers of the State whenever the State General Fund balance at the close of each of two successive fiscal years exceeds five per cent of General Fund revenues for each of the two fiscal years. Since these factors have been met for the third year in a row, this bill is necessary to satisfy the constitutional mandate.

This bill provides for a general income tax credit of \$1 in addition to any other credit allowed under the Hawaii income tax law. This \$1 credit is to be multiplied by the number of qualified exemptions; provided that the qualified exemption has been a resident of the State for at least nine months. Multiple exemptions because of age, for deficiencies in vision, hearing, or other disability are not allowed.

The credit is not available to any person convicted of a felony and committed to prison for the full taxable year; to any person committed to a youth correctional facility for the

full taxable year; or to any misdemeanor committed to jail for the full taxable year.

Your Committee has amended this bill by making two grammatical changes.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 937, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 937, S.D. 1, H.D. 1, C.D. 1.

Representatives Kiyabu, Bunda, Chun, Crozier, Graulty, Kawakami, Levin, Morgado, Nakata, Souki, Tam, Wong, Yoshimura, Anderson and Isbell,
Managers on the part of the House.

Senators Yamasaki, Aki, Chang, Hagino, Holt, B. Kobayashi, Machida, Mizuguchi, Solomon, Uwaine, Young, Ajifu, Henderson and Soares,
Managers on the part of the Senate.

Conf. Com. Rep. No. 69 on S.B. No. 994

The purpose of this bill is to authorize the Department of Health to make a loan to Molokai General Hospital.

Currently, Molokai General Hospital faces a substantial negative cash flow and additional liabilities in loans, trade, and other payables, some of which date back to June 1982. A loan from the State, through the Department of Health, would help to solve Molokai General Hospital's current debt problem and allow the hospital to continue to provide needed health services to the residents of Molokai.

The sum appropriated may be used for fiscal years 1982-1983 and 1983-1984 to allow processing of the loan and payment of some of the hospital's debts before July 1, 1983.

Your Committee upon further consideration has amended S.B. No. 994, S.D. 1, H.D. 1, by increasing the amount of the appropriation to \$250,000.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 994, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 994, S.D. 1, H.D. 1, C.D. 1.

Representatives Kiyabu, Chun, Kawakami and Morgado,
Managers on the part of the House.

Senators Yamasaki, Chang, Machida and George,
Managers on the part of the Senate.

Conf. Com. Rep. No. 70 on H.B. No. 236

The purpose of this bill is to clarify and correct inconsistencies in Sections 213 and 255, Hawaiian Homes Commission Act, 1920, as amended, relating to funds for deposit earned through investments. In addition, the bill raises the ceiling on the Hawaiian home loan fund from \$5,000,000 to \$10,000,000. This fund receives 30 per cent of sugar cane lease and water license receipts until the legal limit is reached.

Section 213(b) of the present law does not permit interest money earned through investment from the borrowed money fund and the Hawaiian home loan fund to be deposited in the Hawaiian loan interest fund. At the same time, Section 255(a) is contradictory in that interest, with the exception of interest earned in the Hawaiian homes administration account and the native Hawaiian rehabilitation fund account, is required to be deposited in the Hawaiian home interest fund.

H.B. No. 236, S.D. 2, allows moneys from the borrowed money fund and the Hawaiian home loan fund to be deposited in the Hawaiian loan interest fund. Such action will more clearly identify the funds for deposit of interest money earned through investments. Moreover, the bill calls for amendment of the title of the Hawaiian loan interest fund to the "Hawaiian home interest fund".

Your Committee agrees with the clarification mentioned above -- in fact, it was also proposed by the State administration.

Your Committee, however, is of the opinion that raising the ceiling on the Hawaiian home loan fund would, in effect, mean that there will be a corresponding loss in revenues deposited into the general fund. A \$5,000,000 gain in the home loan fund and the resulting general fund loss will be implemented incrementally -- over approximately ten years (about \$500,000 a year). In view of the current financial situation, the deliberate reduction of revenues would not be prudent. Your Committee is of the opinion that more home loan moneys are needed but must be deferred until a later date. The pertinent amendments, on page 2 of the bill, have been made.

The net effect of the amendment is to revert back to the original version of the bill.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 236, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 236, S.D. 2, C.D. 1.

Representatives Say, Bunda, Kawakami, Takamine and Dang,
Managers on the part of the House.

Senators Yamasaki, Solomon, Young and Ajifu,
Managers on the part of the Senate.

Conf. Com. Rep. No. 71 on H.B. No. 1190

The purpose of this bill is to appropriate funds for emergency loan relief to qualified farmers as defined under section 155-1(2), Hawaii Revised Statutes.

The Agricultural Loan Program is in need of additional funds. Recently, it has had to provide emergency loans to Oahu dairies because of heptachlor contamination in fresh milk and Kauai papaya farmers for phytophthora disease when the FmHA was unable to assist these farmers. The extent of recent additional losses to farmers make it imperative that financial aid be provided expeditiously.

Your Committee upon further consideration has amended this bill by changing the amount appropriated from \$2 to \$500,000.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1190, H.D. 2, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1190, H.D. 2, S.D. 2, C.D. 1.

Representatives Takamine, Kiyabu, Crozier, Kawakami, Matsuura,
Souki and Dang,
Managers on the part of the House.

Senators Yamasaki, Hagino and Ajifu,
Managers on the part of the Senate.

Conf. Com. Rep. No. 72 on H.B. No. 45

The purpose of this bill is to appropriate funds for research necessary to keep the Hawaiian sugar industry economically viable.

Your Committee finds that the \$3 million appropriated by the Legislature in 1982 for sugar research has greatly assisted the sugar industry in minimizing its losses by offsetting the direct costs of research. Your Committee's intent is to provide funds for continuing this vital research.

Your Committee upon further consideration finds that funds for continued support for sugar research and development should not be contingent upon passage of S.B. No. 1464 and has, therefore, amended this bill accordingly.

Your Committee has also amended this bill by changing the amount appropriated from \$2,070,000 to \$2,000,000.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 45, H.D. 2, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 45, H.D. 2, S.D. 2, C.D. 1.

Representatives Takamine, Kiyabu, Bunda, Kawakami, Kiyabu-Saballa, Menor, Nakata, Okamura, Say, Souki and Isbell,
Managers on the part of the House.

Senators Yamasaki, Hagino and Ajifu,
Managers on the part of the Senate.

Conf. Com. Rep. No. 73 on H.B. No. 5

The purpose of this bill is to authorize the issuance of general obligation bonds to finance projects authorized in the General Appropriations Act of 1983, the Judiciary Appropriations Act of 1983, and the Capital Improvement Projects Act of 1983.

This 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 issued and 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.

The required declaration is set forth in Section 1 of the bill.

Your Committee on Conference has updated this bill to reflect current data and amounts, including the authorization amount.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 5, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 5, H.D. 1, S.D. 1, C.D. 1.

Representatives Kiyabu, Bunda, Chun, Crozier, Graulty, Levin, Kawakami, Morgado, Nakata, Souki, Tam, Wong, Yoshimura, Anderson and Isbell,
Managers on the part of the House.

Senators Yamasaki, B. Kobayashi, Mizuguchi and Ajifu,
Managers on the part of the Senate.

Conf. Com. Rep. No. 74 on H.B. No. 670

The purpose of this bill is to provide emergency financial assistance to the county of Kauai.

The damage that Hurricane Iwa inflicted on the island of Kauai was extensive. Based on damage claims submitted by individual agencies to the Federal Emergency Management Agency (FEMA), the estimated replacement value of losses to county property on Kauai is approximately \$6 million. FEMA will pay for 75 per cent of the cost of replacing damaged and destroyed property, and the county is required to put up the remaining 25 per cent.

According to federal regulations, all repair work must be completed within 18 months of the disaster. Therefore, Kauai must act expeditiously to ensure completion of all repair and reconstruction.

Your Committee finds that the county is not in a position to meet its share of the cost because of severely reduced revenues caused by Hurricane Iwa. Your Committee agrees that the State has a responsibility in this extraordinary situation to furnish immediate emergency assistance to the county of Kauai.

Your Committee has amended this bill to authorize an appropriation of \$1,500,000 to provide assistance to the county of Kauai.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 670, H.D. 1, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 670, H.D. 1, S.D. 2, C.D. 1.

Representatives Kiyabu, Kawakami, Morgado, Yoshimura and Anderson,
Managers on the part of the House.

Senators Yamasaki, Hagino and George,
Managers on the part of the Senate.

Conf. Com. Rep. No. 75 on H.B. No. 1

The purpose of this bill is to provide appropriations for the fiscal biennium, 1983 to 1985.

In formulating this bill and others which affect state finances, your Committee was faced with the difficult task of attempting to meet a multitude of competing demands with severely limited resources and an uncertain and somewhat somber revenue picture.

The Executive Budget received by the Legislature over three months ago was originally based on certain revenue assumptions which are no longer valid. Consequently, the Executive Branch has indicated that spending restrictions will be applied to the 1983-85 biennium to ensure that expenditures remain within the limits of available resources.

While your Committee concurs that the current revenue forecast is not on a par with original estimates, available indications suggest that an improvement in the economy and a subsequent revenue upturn may be forthcoming. These indications include: the State's unemployment rate which remains one of the lowest in the nation; information from the Department of Planning and Economic Development which indicates a modest recovery in the State's economy; and renewed activity in the previously sluggish tourist industry.

With these indicators of at least a modest economic upturn in mind, your Committee's overall approach to the budget and other measures having financial implications has been one of caution tempered with measured optimism regarding the status of future revenue collections. Consequently, this budget reflects your Committee's attempt, despite dwindling revenues, to maintain all of the essential services provided by State government.

The remainder of this report summarizes by major program areas some of the budgetary decisions made by your Committee, and where appropriate, expresses program concerns and direction.

Economic Development

Tourism, the mainstay of the State's economy and a major source of jobs and income for Hawaii's people, experienced a slight upturn in 1982 and a favorable outlook is maintained for 1983. However, rising air fares and increased competition from other visitor destination areas continue to raise legitimate concerns over the prospect of a renewed decline in the number of visitors to Hawaii and the impact such a decline would have on the overall economy of the State.

To address these concerns, your Committee has provided increased funding to encourage the continued growth of this major industry. Funding for a contract with the Hawaii Visitors Bureau has been increased, and funds have also been provided for the promotion of tourists from Asia, particularly Japan, which represents a key segment of the tourist market that traditionally contributes heavily to Hawaii's economy. To increase our children's awareness of the positive aspects of tourism, funds have been provided for production of a film on the educational benefits of tourism by the Visitor Industry Education Council.

In consideration of Act 89, SLH 1982, which transferred the responsibility for agricultural product promotion from the Department of Planning and Economic Development to the Department of Agriculture, funding has been continued at the same level as the current fiscal year for this important function.

Also, in view of the effectiveness and support received for the Hawaiian fresh pineapple 1982 promotion, your Committee has continued funding for this program. Unlike the current fiscal year, however, promotional activities will not be limited to the western regions of the mainland United States and Canada. Your Committee believes that extension of

the fresh pineapple campaign throughout the United States and Canada will produce even greater results in increasing consumer interest in and demand for Hawaiian fresh pineapples as well as in improving the stability of this major agricultural industry in Hawaii.

Employment

In September 1982 the Comprehensive Employment and Training Act of 1973 (CETA) expired and consequently resulted in reduced services for employment training. However, permanent legislation known as the Job Training Partnership Act of 1982 (JTPA) has been passed by Congress, and "block granting" of funds to states will occur. It is expected that in October 1983 the federal government will delineate program responsibilities and identify funds to be granted. Consequently, changes in organization, operations, and the availability of funds appear probable at that time.

Your Committee is aware that JTPA may have significant impact in the employment program area and requests that the State Department of Labor & Industrial Relations keep abreast of any changes resulting from JTPA to minimize the effects of any federal funding reductions. It is your Committee's intent to reexamine the employment program during the supplemental year to make any necessary reductions resulting from changed program responsibilities or availability of federal funding.

Transportation

After careful consideration of all facets of the issue relating to the need for and the site of a general aviation airport, your Committee has decided to delete funds for a general aviation airfield on Oahu. Your Committee believes that any further action on a general aviation airport should be withheld pending release of the federal government report on the joint use of military airfields. Any alternative which might be offered by the federal government should be fully explored prior to committing funds for the costly construction of a new reliever airport.

Environmental Protection

In recognition of the immediate need to assess the impact of chemicals, pesticides, non-ionizing radiation, and various forms of pollution on humans, animals, and our environment, your Committee has provided funds to contract for necessary environmental toxicologist services.

Health

In September 1982, the Tax Equity and Fiscal Responsibility Act (TEFRA) of 1982 was signed into law by President Reagan. One feature of this Act reduced Medicaid/Medicare reimbursements to hospitals in an effort to contain medical care costs.

The impact of TEFRA on the County/State Hospital System was projected to result in a revenue shortfall of approximately \$6 million for each year of the 1983-85 biennium.

Shortly before your Committee reviewed budgetary differences, it was learned that this aspect of TEFRA would probably be deferred for one year. In light of TEFRA, the Committee feels the granting of additional positions for the County/State Hospital System in a time of fiscal uncertainty is not in the best interests of the State of Hawaii; therefore, your Committee has embraced the policy that no new positions be allocated to the hospitals except those identified as revenue producing, and where workload clearly justified the granting of position requests.

With the elimination of new positions accounting for the major portion of the reduction, your Committee has reduced the County/ State Hospital's budget by approximately \$2 million in each year of the biennium.

The Committee finds that there also appears a need to review and analyze manpower requirements throughout the entire hospital system. Comparisons of existing staffing patterns with workload data reveal significant and at times flagrant inconsistencies. While such superficial analysis can be very misleading and not reflect unique situations, it does point out the need to perform manpower studies and the need to develop staffing standards before any more permanent positions are granted.

It is the Committee's hope that the one year delay before TEFRA is implemented will provide the hospitals sufficient time to effect the cost containment measures needed to respond to TEFRA without reducing the quality of patient care.

This session, more than ever before, the legislative committees have been deluged

with requests for funding by private organizations. The causes of this situation include: the cutback in federal funds; the lack of budgetary constraints resulting in departments recommending higher levels of funding for private organizations than could be accommodated in the executive budget; and the generally haphazard implementation of Chapter 42, the statute on grants, subsidies, and purchases of service. These factors, in addition to severely limited resources, have resulted in legislative committees having to make exceedingly difficult decisions regarding the funding of programs.

Your Committee believes, as the law intends, that the primary responsibility for evaluating the purchases of service requests of private agencies rests with the executive agencies. They are in the best position to review these requests and to determine the cost effectiveness of the program and whether it, in fact, meets a public purpose. By holding the executive agency responsible for the selection of the appropriate provider and the expenditure of public funds by the provider, program accountability would be enhanced.

Consequently, in the case of purchases of service for mental health and substance abuse programs, your Committee has provided a lump sum appropriation of \$1,608,963. This amount is to be used for purchases of service for the community-based services for the mental health program (HTH 401). The Department of Health has the authority to select and fund those private organizations which can best achieve the program's objectives. The granting of this lump sum authority, however, does not relieve the department from complying with existing statutory requirements concerning the use of these funds by private organizations.

Your Committee believes that if lump sum authority for purchases of service can be responsibly and effectively exercised by executive agencies, this would relieve the Legislature of having to make individual decisions on the various purchase of service requests. Legislative attention could then be directed to the other type of funding over which the Legislature should exercise direct appropriation control, the funding of one-time grants for private organizations.

Your Committee also notes that the Department of Health laboratory continues to provide tests for private physicians, particularly on the neighbor islands, despite the fact that there is no compelling public health justification for these tests. It is your Committee's intent that such tests be discontinued and that the affected parties be notified.

Your Committee recognizes the need to improve conditions at the Hawaii State Hospital, but it also firmly believes that the most cost-effective plan should be selected and implemented. Your Committee has provided design planning funds to cover all design expenses for the biennium. However, it remains the intent of your Committee that these funds be utilized for the most cost-effective arrangement.

Social Services

Although your Committee believes that disadvantaged individuals must be provided essential medical services, it remains concerned about the reduction in Medicaid funds due to reduced federal funding assistance and the limited availability of State financial resources. The state and federal governments should not be expected to finance unchecked increases in the cost of providing this medical care. Several means have already been examined to address this issue and your Committee holds firmly that the active participation of both providers and recipients is essential for the success of any Medicaid cost containment attempt.

Your Committee has provided additional funding for this program in FY 1983-84, but it is also requiring that payments to non-institutional medical care practitioners be reduced by ten per cent. It is the intent of the Legislature that this additional funding be provided to the Department of Social Services and Housing to allow it sufficient time during the interim to examine and implement such cost containment strategies as rateable reductions in medical care payments and co-payments by recipients. These or other alternative mechanisms are expected to allow the department to effect fiscal reductions without adversely affecting the department's responsibility to provide medical assistance to the needy.

To explore alternatives to the high cost of institutionalization, your Committee has provided additional funds for a nursing home without walls demonstration project to provide extended home care services.

Funds have also been included to develop a computerized eligibility determination system for the various assistance programs. It is expected that computerization will enable the Department of Social Services to be more efficient in reducing eligibility determination and redetermination errors and assist in preventing and detecting fraud and abuse.

Lower EducationHawaiians studies program.

In keeping with the mandate of Article X, Section 4, of the Hawaii State Constitution, which requires a Hawaiian education program in the public schools, your Committee has funded the expansion request for this program. It is intended that such funding will assist students in understanding Hawaii's cultural heritage, as noted in the State Education Plan. Furthermore, your Committee has added a proviso which directs the Department of Education to evaluate the program in the manner suggested by the Legislative Auditor in 1983. Only by evaluating past and present efforts can the department be assured that the program will achieve all that its proponents hope that it will.

Computers in education.

The thrust of modern technology has affected not only those involved with the hard sciences and industrial production but has invaded all facets of daily living for all people. Nowhere is this fact more evident than with the advent of the microchip and the rise of high-technology industries.

Cognizant of the fact that our children must be prepared for these technological developments, your Committee has taken steps to ensure that there will be a comprehensive computer training program in our public schools. Your Committee, concerned that the immediate needs of our graduating seniors are not being adequately addressed, has provided funding for the Exploratory Computer Awareness Interim Program (ECAIP). Additionally, staff to implement this program has been provided. One state educational specialist position has been authorized to develop, implement, and coordinate the program. Also, seven and a half district resource teacher positions (the extra half-position will be assigned to Honolulu) have been created to provide direct services to students, teachers, and parents.

The intent of ECAIP is to initiate an introductory computer literacy course, beginning in the fall of 1983, for all seniors in public high schools throughout the State. One of the objectives of the ECAIP is to offer hands-on computer education to graduating seniors who increasingly must utilize computers in the work world and in post-secondary educational institutions.

Your Committee believes that by utilizing the ECAIP, the department will be afforded sufficient time to properly address the need for an acceptable master plan for computers and their use in instruction throughout all grade levels. It is your Committee's intent that the ECAIP represents an interim program that will be terminated when the department's master plan for computers in instruction is completed and ready for implementation.

Finally, your Committee has provided additional resources for the computer support system for school operations. The computer system will store, process, and retrieve information for such functions as grade reporting, student course scheduling, testing, attendance reporting, and gathering student accounting data.

Exceptional children.

As required by the provisions of Public Law 94-142, the expansion request for Summer School for the Handicapped has been funded. Your Committee recognizes the needs of students whose handicaps place them at a disadvantage and the benefits such a program can afford them.

Students of limited english proficiency.

Your Committee remains concerned about the needs of students of limited English proficiency. Presently, the program offered by the department is not in compliance with the United States Office of Civil Rights. Funds have been provided to move Hawaii's program closer to full compliance.

Repair and maintenance.

Your Committee has provided \$1,000,000 in each fiscal year of the biennium for the repair and maintenance of public school facilities. The funds are intended to ameliorate the effects of the impoverished state of the repair and maintenance account for all state facilities.

Public libraries.

Your Committee has provided for the conversion of seven federally funded positions for the public libraries. The conversion of these positions represents a departure from policy; however, these positions are critical to the successful completion of the library system's automation project.

Higher Education

In view of the State's bleak economic outlook for the foreseeable future, the University of Hawaii will be faced with the difficult task of preserving its quality and diversity of postsecondary educational programs with less funding support from the Legislature. In spite of this, however, your Committee feels that the availability and accessibility of higher education opportunities to the residents of the State are vital and necessary. Within the limits of the Legislature's ability to provide funds for this program, your Committee has placed particular emphasis on the following areas:

Library Automation. Funds have been provided for the continuation of the library automation process in order for the University of Hawaii at Manoa to keep pace with other major research libraries at comparable institutions of higher education.

Computer Consortium. Funds have been provided to complete the full integration of all campuses in a systemwide computer consortium which will greatly improve the University's electronic computing and data processing capabilities in academic, administrative, and student services.

Other areas in which your Committee has provided support to correct deficiencies are in the maintenance of new facilities, energy conservation, basic biological research, word processing and computer technology, and ethno-cultural history.

Culture and Recreation

Your Committee, cognizant of the importance of public access to state lands and the maintenance of state recreational areas, has provided funds for the upkeep and cleaning of state forest reserve trails.

With respect to Aloha Stadium, the State's major spectator sport facility, your Committee has funded a master plan to analyze the market potential for stadium events in Honolulu; to determine the optimum size, configuration, and usage of surrounding grounds; to identify and develop plans for improvements that were omitted or inadequately sized in the initial plans; and to develop a program to generate adequate revenues to make the stadium self-supporting.

Public Safety

Your Committee remains seriously concerned about the over-crowded conditions at the Oahu and Maui community correctional facilities. Additional funds and positions have been provided to relieve the overcrowded conditions. However, your Committee believes that additional staffing alone is not and should not be considered a viable long-term solution to relieve the problem of overcrowding at these facilities.

More importantly, your Committee recognizes the need for an effective means to address the long-term problem of inmate reform and overcrowded conditions at correctional facilities. Adding more staff and building additional facilities are not seen as the remedies to the problem. Discussion has focused upon the differing ideologies of rehabilitation versus punishment. While no consensus has been reached, it is crucial that discussion continue to identify the root of the problem(s) and steps be taken to develop plans and strategies that will serve to resolve the problem(s) in a cost effective manner.

Individual Rights

Your Committee has deleted second-year funding for the Commission on the Status of Women. There is some concern that the work of this Commission duplicates that of other agencies, such as the Office of Affirmative Action's equal employment opportunity efforts. The services provided to women by the Commission remain unclear, and special attention for women by a separate commission no longer appears warranted. The women's rights movement has made tremendous gains within the last few years and women have gained substantial parity with their male counterparts in major areas. It would seem more appropriate for the Commission to merge its functions with another existing agency such as the Office of Affirmative Action rather than to maintain women as a group requiring special attention

and services. In this regard, your Committee is of the belief that the Commission should make every effort to have its functions assumed by another state agency.

Contingent upon the enactment of Senate Bill No. 555, fees will be increased for: the processing of certificates of compliance; the registration of trademarks, labels, or prints; the filing of corporations, legal processes or notices; and copies. Such fee increases are necessary to recover the cost of services rendered. Many of the fees have not been raised since these services were first established.

Your Committee, recognizing the increased workload of the Business Registration Division in the Department of Commerce and Consumer Affairs, has provided funds to hire additional personnel.

Government-Wide Support

Communications.

Deregulation has become a major issue in recent years and has resulted in the availability of more advantageous telecommunication systems. Consequently, your Committee has included funds for consultant services and network design for the development of a centralized, state-owned telephone system set for installation in fiscal year 1984-85. Furthermore, as Kauai is the only county excluded from the jointly-administered, state-federal microwave communications system linking Oahu, Hawaii, and Maui funds have been provided to include Kauai in the toll-free microwave system during fiscal year 1983-84. By advancing the microwave project to fiscal year 1983-84, the state-owned paging system has been delayed to the last year of the biennium.

Computerization.

With the Hawaii/FAMIS System scheduled for implementation on July 1, 1983, your Committee has agreed to fund implementation of other important computerized systems. Funds have been included in the budget to provide additional systems and programming support for a new bond fund system with a specialized information base for all bond-funded appropriations (Bond Fund System); a new facilities inventory management system to provide a method to capture, record, and maintain historical facility information to determine preventive maintenance schedules (Facilities Inventory Management System); and an energy management system which will fully automate energy usage by providing centralized controls (Energy Management System).

Personnel services.

The development of a computer-assisted Applicant Information System for the Department of Personnel Services will be funded to facilitate the management of large volumes of applicant information and to produce timely up-to-date eligibility lists. Within the proposed system, the certification process has been identified as the initial activity for computerization, and funds have been provided for the acquisition of electronic data processing equipment, supplies, and rental terminals to implement the certification process.

Custodial services.

With the establishment of the new Circuit Court and new District Court buildings, your Committee has had to address the issue of custodial jurisdiction. A decision has been made to transfer all custodial and groundskeeping responsibilities for the new courts to the Judiciary. The Department of Accounting and General Services will continue to maintain responsibility for all outer island State facilities which house the courts and offices of the Judiciary.

Grants-in-Aid

After careful and deliberate consideration, your Committee has decided that private organizations seeking grant-in-aid funding should be funded at current fiscal year 1982-83 levels. As mentioned earlier, it is your Committee's hope and intent that eventually grants-in-aid will encompass only requests for one-time grants by private organizations and that ongoing services provided by private agencies will be handled through purchase of service agreements.

Recommendation

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

the form attached hereto as H.B. No. 1, H.D. 1, S.D. 1, C.D. 1.

Representatives Kiyabu, Bunda, Chun, Crozier, Graulty, Levin,
Kawakami, Morgado, Nakata, Souki, Tam, Wong, Yoshimura,
Anderson and Isbell,
Managers on the part of the House.

Senators Yamasaki, Aki, Chang, Hagino, Holt, B. Kobayashi,
Machida, Mizuguchi, Solomon, Uwaine, Young and Ajifu,
Managers on the part of the Senate.

Conf. Com. Rep. No. 76 on H.B. No. 225

The purpose of this bill is to change the interest rate ceiling on general obligation bonds of the State. This bill provides for the elimination of the statutory interest rate limitation under section 39-5, Hawaii Revised Statutes, and makes the effective date July 1, 1983.

Act 245, Session Laws of Hawaii 1980, established the maximum interest rate which may be paid on general obligation bonds issues by the State at 9-1/2%. The rate was temporarily raised to 12% by Act 18, First Special Session Laws of Hawaii 1981, and to 14% by Act 71, Session Laws of Hawaii 1982. This rate is effective through June 30, 1983, at which time it will revert to 9-1/2%.

On March 24, 1982, the State attempted to issue \$75 million in general obligation bonds, series AT, but received no bids because of conditions in the municipal bond market and the 12% statutory interest rate ceiling in effect at the time. The bond buyer's 20-bond index of general obligation bonds at that time was 13.04%. In the period from March 31, 1982, to May 13, 1982, after the interest rate ceiling had reverted to 9-1/2%, the State was effectively shut out of the municipal bond market. During this period the 20-bond index fluctuated from a low of 11.83% to a high of 13.13%. The series AT bonds were finally sold on June 17, 1982, at an interest cost of 12.22% but only after the ceiling was raised to 14% on May 14, 1982.

While there have been periods of improvement in tax-exempt interest rates, the underlying causes of high interest rates still remain. Uncertainty as to the size of the national deficit and the large volume of private purpose revenue bonds being marketed continues to exert strong pressure on interest rates. Also, a change in the federal tax laws which will require financial institutions to reduce by 15% the amount of the otherwise-allowable interest expense deduction on debt, including deposits, deemed to be used to purchase or carry tax-exempt obligations acquired after December 31, 1982, is certain to dampen interest in investment in tax-exempt bonds by financial institutions.

State expenditures for capital improvement projects are expected to continue at a rate of about \$150 million per year. To insure continued, orderly financing of these projects without relying upon borrowing from the state general fund, your Committee agrees it is advisable to maintain the current interest rate ceiling on state general obligation bonds.

Your Committee has amended this bill in its entirety to keep the interest rate temporarily at 14%, but to limit the effect of such ceiling until June 30, 1985, after which the statutory rate of 9-1/2% shall apply.

Your Committee believes that the two-year extension of the limit is in accord with the state's policy of biennium budgeting.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 225, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 225, H.D. 1, S.D. 1, C.D. 1.

Representatives Kiyabu, Bunda, Chun, Crozier, Graulty, Levin,
Kawakami, Morgado, Nakata, Souki, Tam, Wong, Yoshimura,
Anderson and Isbell,
Managers on the part of the House.

Senators Yamasaki, B. Kobayashi and Ajifu,
Managers on the part of the Senate.

Conf. Com. Rep. No. 77 on H.B. No. 702

The purpose of this bill is to appropriate general fund moneys to supplement the ceded land revenues used by the Office of Hawaiian Affairs (OHA) for its operations.

Your Committee has reviewed OHA's general fund budget request for the fiscal biennium 1983-85 and was faced with three major areas of concern:

(1) The funding of OHA's budget request by lump sum funding approach versus program appropriations. Your Committee has followed, as have past committees, a lump sum approach to OHA's request. This should provide OHA with the needed flexibility to execute its various responsibilities. Your Committee encourages OHA to pursue a viable program appropriation budget in the future to allow accurate and expedient review.

(2) The matching of general fund appropriations and OHA trust fund receipts in the payment of administrative and fringe benefit costs. Your Committee has found that past and current OHA budgets have used general funds to pay for a majority of administrative and fringe benefit expenses. Your Committee feels that fringe benefit costs, like administrative costs, should be shared equally between the general fund and OHA's ceded land monies. This bill therefore ensures that fringe benefit expenses are shared equally between the State of Hawaii and the Office of Hawaiian Affairs.

(3) The lack of a clear, viable plan for the accounting of funds between Hawaiian and Native Hawaiian programs within OHA. Considerable concern has been raised over the use and co-mingling of funds within OHA in the attempt of the Office to accurately address the concerns of their varied beneficiaries. Your Committee feels OHA should devise a plan to handle this mixing of funds to enable its programs to grow as funds are available. This financial plan should be incorporated into a budget by program appropriation, so that program costs can be categorized and reviewed like other state agencies. The budget should accurately display accounting functions within the Office, distinguishing between program areas, administrative allocation, and types of fund utilized. This bill therefore provides that OHA assemble a workable financial plan and budget which can be utilized to efficiently delineate between types of funding, allocations and use. This plan and budget should address the concerns raised over the use of general fund monies and ceded land revenues within OHA.

The funds appropriated by this bill are intended to continue general fund support at roughly its current level. Additionally, funds are included for the following two projects:

(1) OHA - Arcata Joint Venture:

General fund moneys (\$12,500) are recommended as the State's share in a joint venture between OHA and Arcata Associates, Inc. The venture will procure government contracts in the area of high technology support services. The State's share of profits, when realized, will be kept on OHA's books as state moneys and is to be used as a credit for the State's share of OHA's operational expenses.

(2) Minority Enterprise Small Business Investment Company (MESBIC):

General fund moneys (\$6,750) are recommended as the State's share in the development of a MESBIC Development Plan for OHA. The plan is to include a time-phased schedule for implementation, capitalization, management requirements, investment strategies, financial projections, and preparations for application. MESBIC is to be a leveraging vehicle and will address the need for long-term equity investment and debt financing to stimulate the growth and expansion of Hawaiian-owned businesses in the State.

Your Committee has amended this bill by setting the bill's appropriation at \$1,087,467, or so much thereof as may be necessary for fiscal biennium 1983-85 to carry out the purposes of the bill, with \$533,412 appropriated for fiscal year 1983-84 and \$554,055 for fiscal year 1984-85.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 702, H.D. 2, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 702, H.D. 2, S.D. 2, C.D. 1.

Representatives Kiyabu, Bunda, Chun, Crozier, Gaulty, Levin,
Kawakami, Morgado, Nakata, Souki, Tam, Wong, Yoshimura,
Anderson and Isbell,
Managers on the part of the House.

Senators Yamasaki, Solomon, Young and Soares,
Managers on the part of the Senate.

SPECIAL COMMITTEE REPORT

Spec. Com. Rep. No. 1

Your Committee on Credentials begs leave to report that it has thoroughly considered the matter of the seating of the members of the House of Representatives of the Twelfth Legislature of the State of Hawaii, Regular Session of 1983, and finds that the following members are duly qualified to sit as members of the House of Representatives, to wit:

First District:	Herbert A. Segawa
Second District:	Andrew Levin
Third District:	Virginia Isbell
Fourth District:	Yoshito Takamine
Fifth District:	Richard M. Matsuura
Sixth District:	Herbert J. Honda
Seventh District:	Mark J. Andrews
Eighth District:	Joseph M. Souki
Ninth District:	Clayton H.W. Hee
Tenth District:	Donna R. Ikeda
Eleventh District:	Hal Jones
Twelfth District:	Barbara Marumoto
Thirteenth District:	Frederick William Rohlfing
Fourteenth District:	Calvin K.Y. Say
Fifteenth District:	Ken Kiyabu
Sixteenth District:	Joan Hayes
Seventeenth District:	David M. Hagino
Eighteenth District:	Brian T. Taniguchi
Nineteenth District:	Marvin S.C. Dang
Twentieth District:	Mazie K. Hirono
Twenty-First District:	Russell Blair
Twenty-Second District:	Kathleen Stanley
Twenty-Third District:	Rod Tam
Twenty-Fourth District:	Byron W. Baker
Twenty-Fifth District:	Dwight L. Yoshimura
Twenty-Sixth District:	Gene Albano
Twenty-Seventh District:	Dennis M. Nakasato
Twenty-Eighth District:	Reynaldo Graulty
Twenty-Ninth District:	Donna Mercado Kim
Thirtieth District:	Connie C. Chun

Thirty-First District:	Tom Okamura
Thirty-Second District:	Clarice Y. Hashimoto
Thirty-Third District:	Arnold Morgado
Thirty-Fourth District:	Eloise Yamashita Tungpalan
Thirty-Fifth District:	Mitsuo "Mits" Shito
Thirty-Sixth District:	Avis Kiyabu-Saballa
Thirty-Seventh District:	Michael Crozier
Thirty-Eighth District:	Henry Haalilio Peters
Thirty-Ninth District:	Ron Menor
Fortieth District:	Daniel J. Kihano
Forty-First District:	Robert Bunda
Forty-Second District:	Joseph P. Leong
Forty-Third District:	Robert Nakata
Forty-Fourth District:	Terrance W.H. Tom
Forty-Fifth District:	Marshall K. Ige
Forty-Sixth District:	Whitney T. Anderson
Forty-Seventh District:	John J. Medeiros
Forty-Eighth District:	Norma Wong
Forty-Ninth District:	Peter K. Apo
Fiftieth District:	Alfred C. Lardizabal
Fifty-First District:	Richard A. Kawakami

Signed by Representatives Stanley, Shito, Hagino, Hayes, Hee, Hirono, Lardizabal, Levin, Souki, Tom and Medeiros.