

CONFERENCE COMMITTEE REPORTS

Conf. Com. Rep. 1-84 on S.B. No. 2072-84

The purpose of this bill is to bring before the electorate of this State a proposed amendment to Article III, Section 9, of the Constitution of the State of Hawaii, to provide that the annual legislative salary, which is determined by the commission on legislative salary, shall be payable in the installments and at such times as provided by law.

Currently, there is a commission on legislative salary, appointed by the governor, which meets every eight years and submits to the legislature and the governor its recommendations for a salary plan for members of the legislature.

In reviewing the Committee of the Whole Reports of the 1978 Constitutional Convention, your Committee notes that the commission on legislative salary was established to remove the burden from the legislators to prescribe their salaries by their own actions. The report states:

Experience has clearly demonstrated that legislators are reluctant to prescribe their own salaries... Taxpayers are often critical of pay increases for legislators, and legislators run the risk of voting themselves out of office when they approve their own pay raises. Where the context dictates that emotion rather than rational thought govern, it is unrealistic to expect the legislators to prescribe their own salaries.

However, the Constitutional Convention also noted:

If legislative salaries are too low for many people to afford to serve, it will deny the public the services of many competent people, and the legislature may not be representative of a good cross section of the community. It would tend to attract only the very rich who need not depend on the salary and the very poor who can fare no better otherwise...the cost of living has risen markedly, and the time legislators must devote to their elected duties has increased in the state legislatures.

In making the proposal for a constitutional amendment, your Committee does not intent to change the authority granted to the commission on legislative salary to determine the annual salary of state legislators nor provide an increase in legislative salaries. However, your Committee finds that there is a need to permit a more equitable scheduling of payments which is to be determined by law.

The current legislative salary plan, adopted by the 1978 commission on legislative salary, provides that over seventy-five percent of the annual legislative salary be paid during February, March and April, and the balance be paid in equal installments over the other nine months. This method of payments has resulted in a disproportionately large amount of tax being deducted from the salaries during the legislative session months relative to the total annual salary. The small amounts paid during the nonlegislative session months serve to place a legislator with little or no income other than the legislative salary in the incongruous position of possibly being qualified for public assistance. Your Committee finds neither of these results desirable. Having the legislative salary prescribed in such installments and at such times as permitted by law will still maintain the commission on legislative salary's authority to recommend legislative salaries.

Your Committee upon further consideration has amended the bill by underscoring the word "recommendation" in page 3, lines 8 and 9, to correct a technical error. Your Committee also has corrected a technical error on page 1, line 3, of the bill.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 2072-84, 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. 2072-84, S.D. 1, H.D. 1, C.D. 1.

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

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

Conf. Com. Rep. 2-84 on H.B. No. 2402-84

The purpose of this bill is to extend the expiration date for the department of budget and finance to issue special purpose revenue bonds assisting utilities serving the general public from June 30, 1984, to December 31, 1991.

Act 15, Session Laws of Hawaii 1981, First Special Session, authorized the department of budget and finance to issue special purpose revenue bonds during the period from July 1, 1981, through June 30, 1984, for capital improvement programs of four major utility companies in the State. The entire amount authorized has not been issued and will not be issued by the June 30, 1984, deadline.

Your Committee finds that an extension of the time for bond issuance under Act 15 is in the public interest as it will enhance the ability of the utilities to develop projects utilizing Hawaii's renewable energy resources, thereby reducing the State's dependence upon imported petroleum.

Your Committee upon further consideration has amended the bill by correcting the following errors on page 2 of S.D. 1:

- (1) Line 3: "Multi-Project" should read "Multi-project".
- (2) Line 6: "Hawaiian Electric Light Co." should read "Hawaii Electric Light Co.".

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 2402-84, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2402-84, S.D. 1, C.D. 1.

Representatives Bunda, Morgado and Isbell,
Managers on the part of the House.

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

Conf. Com. Rep. 3-84 on H.B. No. 2486-84

The purpose of this bill is to permit the counties of Hawaii to establish a fee for each certificate of vehicle registration issued and to expand the permissible uses of the fund derived from such fees from the beautification of county primary highways to the beautification of all county highways.

Under present statutes, in addition to all other vehicle registration fees set by law, the counties may, by ordinance establish a fee for the registration of a vehicle of not more than 50 cents per certificate of registration.

Your Committee finds that although the counties have requested unrestricted authority to set county vehicle registration fees, they have not indicated any present plans to set this fee at a sum greater than \$1 per vehicle. Hence, your Committee finds that it is unnecessary at this time to permit an increase to a sum greater than \$1.

Therefore, your Committee has amended H.B. No. 2486-84, H.D. 2, S.D. 1, Section 2, page 3, line 9, to retain in Section 286-51, Hawaii Revised Statutes, the language, "of not more than", and to set the maximum fee chargeable by the counties at \$1 rather than at the 50 cents provided in present law.

Your Committee has also deleted the language proposed by H.B. No. 2486-84, H.D. 2, S.D. 1, Section 2, page 3, lines 10-11, "by the county's legislative body", because this language is redundant of the language "by ordinance".

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 2486-84, 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. 2486-84, H.D. 2, S.D. 1, C.D. 1.

Representatives Taniguchi, Wong, Bunda, Morgado, Yoshimura and Anderson,
Managers on the part of the House.

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

Conf. Com. Rep. 4-84 on H.B. No. 2161-84

The purposes of this bill are as follows: 1) to permit the use of moneys in the "bikeway fund" for the promotion of bicycling transportation and recreation; 2) to amend the definition of "bicycle" and "vehicle" and to add a definition of "toy bicycle" for the purpose of Chapter 291C, Hawaii Revised Statutes, the Statewide Traffic Code; 3) to make numerous other amendments relating to bicycles to Chapter 291C; and 4) to permit bicycle racing on public highways, when the race is approved by local authorities.

Your Committee finds that it is important that bicycle riders as well as the drivers of other vehicles give their name and address to persons injured by them or attending property damage by them. Your Committee also finds that bicycle riders should be required to render aid to their accident victims to the same extent as drivers of other vehicles. Therefore, your Committee has amended Section 4, page 5, lines 3-4 of the bill by deleting, "nor comply with this subsection unless the accident must be reported under section 291C-16".

Your Committee finds that the proposed amendment to Section 291C-16, Hawaii Revised Statutes, is overly broad and would excuse from reporting requirements bicyclists who kill or maim pedestrians or other bicyclists but do so in a parking lot or a bicycle path which is not within the boundaries of a highway. Therefore, your Committee has deleted Section 5 from the bill, as it was received by your Committee, and has accordingly renumbered subsequent sections.

Your Committee finds that Section 291C-144 presently, and as amended in Section 12 of the bill, as received by your Committee (Section 11 of the bill, as amended herein), could be read to forbid persons from riding bicycles. This is because it prohibits persons "riding upon any bicycle" from attaching themselves to "any vehicle" (which, under the new definition of "vehicle" in Section 3 of the bill, includes bicycles). Therefore, your Committee has amended Section 291C-144 in Section 12 of the bill, as received by your Committee, to delete "bicycle" and "moped" at page 9, line 22. It has also amended Section 12 of the bill, as received, to add, "and no person riding a bicycle or moped or himself or herself to any vehicle other than the one he or she is riding."

Your Committee has also amended Section 15 of the bill, as received by your Committee, in order to add, following "material" at page 13, line 14, the language, "at least four square inches in size and ". This would make the language of the proposed Section 291C-147(c), Hawaii Revised Statutes, conform to that of Section 291C-147(b).

Finally, your Committee has made technical and punctuation amendments to the bill, as received, to conform it to recommended bill drafting style.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 2161-84, 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. 2161-84, H.D. 2, S.D. 1, C.D. 1.

Representatives Taniguchi, Kawakami, Morgado, Wong, Yoshimura
and Medeiros,
Managers on the part of the House.

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

Conf. Com. Rep. 5-84 on H.B. No. 788

The purpose of this bill is to require every notary public to deposit 1), the notary's seal of office with the office of the attorney general, and 2), the notary's records with the clerk of circuit court, within ninety days from the notary's resignation, death, expiration of term of office without reappointment, or removal from or abandonment of office.

Under section 456-3, Hawaii Revised Statutes, a notary public has sixty days to

deposit the notary's seal of office. Your Committee concurs with the finding that extending the time to ninety days will provide the notary, or the notary's representative in case of the notary's death, with reasonable time in which to deliver the seal to the attorney general's office.

Moreover, because section 456-16, Hawaii Revised Statutes, mandates notary records to be left with the clerk, these records have accumulated in the Judiciary. Your Committee concurs with the finding that depositing the notary records upon the notary's resignation, death, expiration of each term of office, or removal from or abandonment of office will eliminate part of the problem for the Judiciary. Your Committee also concurs with the finding that extending the time to ninety days will provide the notary, or the notary's representative in case of the notary's death, with reasonable time to deposit the notary's records with the clerk of the circuit court.

Your Committee upon further consideration has amended the bill by making a technical correction on page 1, line 5, of the bill.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 788, 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. 788, H.D. 1, S.D. 1, C.D. 1.

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

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

Conf. Com. Rep. 6-84 on H.B. No. 1629-84

The purpose of this bill is to enable the police department of each county to establish intoxication control roadblock programs by providing minimum standards for roadblock procedure, which shall be in accordance with rules adopted under chapter 91 of the Hawaii Revised Statutes and which shall be not more intrusive than standards and guidelines provided by the bill.

The bill provides minimum standards for roadblock procedures by:

(1) Requiring that a judicial warrant must be obtained from a judge of the circuit court, or any district judge within the circuit, prior to operation of an intoxication roadblock;

(2) Providing that every intoxication control roadblock program shall require that vehicles be stopped in a specified numerical sequence or pattern, located at fixed locations for a maximum three hour period with minimum safety precautions such as proper illumination, safe and secure holding areas, uniformed police officers with proper identification, adequate warning, termination at the discretion of a police officer to prevent traffic congestion, and a sufficient quantity and visibility of police officers to assure speedy compliance and to remove traffic.

(3) Providing that the police departments may establish procedures to make roadblocks less intrusive than required by the minimum standards provided by the bill.

The bill further provides that the examiner of drivers shall not issue any license to any person convicted of manslaughter resulting from the use of a motor vehicle, and to a person who, while unlicensed has within two years been convicted of driving while under the influence of intoxicating liquor.

The bill also amends the point penalty system for the evaluation of the operating records of all persons operating motor vehicles by increasing the point penalties for persons convicted of driving under the influence of intoxicating liquor.

Your Committee upon further consideration has amended the bill by deleting the requirement that a judicial warrant must be obtained prior to the operation of an intoxication roadblock. To require the police departments to obtain judicial warrants would unnecessarily hamper the establishment of effective roadblocks.

Your Committee also had deleted: (1) the amendments requiring the examiner of drivers to deny issuance of a license if a person has been convicted of manslaughter resulting from the use of a motor vehicle or if a person who, while

unlicensed, within two years has been convicted of driving while under the influence of intoxicating liquor; and (2) the amendments to the point penalty system increasing the number of points for driving under the influence of intoxicating liquor. Your Committee feels that these matters require further consideration before they are enacted.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1629-84, 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. 1629-84, H.D. 1, S.D. 2, C.D. 1.

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

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

Conf. Com. Rep. 7-84 on H.B. No. 1729-84

The purpose of this bill is to extend time for filing an involuntary hospitalization petition when a voluntarily admitted patient requests a discharge on a weekend or holiday, to provide that the court may adjourn or continue a hearing if the subject fails to contact an attorney and the court finds that it is in the interest of justice to do so, and to clarify the language of the current law and conform it to recommended drafting style.

Your Committee concurs with the finding that the proposed extension for filing the petition for involuntary hospitalization will enable physicians more time to evaluate their patients and complete the necessary hospital administrative requirements.

Your Committee also agrees that authorizing the court to adjourn or continue the hearing if the subject fails to contact an attorney ensures that the subject will seek legal counsel to adequately defend the action.

Your Committee upon further consideration has amended the bill with technical, non-substantive corrections in pages 1, 2, 17, 18, 19, 21, 22, 23, and 28 of the bill.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1729-84, 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. 1729-84, H.D. 1, S.D. 2, C.D. 1.

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

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

Conf. Com. Rep. No. 8-84 on H.B. No. 2142-84

The purpose of this bill is to provide for the assessment of alcohol dependence and the need for treatment for persons convicted of a second or third offense of driving while under the influence of alcohol in addition to other penalties under section 291-4, Hawaii Revised Statutes. Costs for assessment and treatment will be paid by the offender. However, the court may waive assessment where extenuating circumstances exist.

The effective date of this bill, July 1, 1985, will provide the Department of Health with the necessary time to prepare for this program.

Your Committee finds that alcoholism is a very serious problem and that protecting the public from those persons who abuse alcohol and drive while under its influence is a major concern. The assessment of alcohol dependence and the need for treatment by a credentialed substance abuse counselor is a viable approach to reduce the incidence of drinking drivers.

Your Committee upon further consideration has made the following amendments to H.B. No. 2142-84, H.D. 1, S.D. 2:

(1) In page 4, line 5, the Committee has amended the intent of the bill to provide that "The court may require the offender to obtain appropriate treatment," rather than making it mandatory for the offender to obtain the recommended treatment of the substance abuse counselor. The Committee finds that there may be circumstances which the court should consider before deciding whether an offender should be referred to treatment. The discretion to order treatment should remain with the court.

(2) In conjunction with the above amendments, the Committee has amended the bill by deleting lines 8-10 in page 4.

(3) The Committee upon further discussion has agreed to make numerous amendments to Sections 291-4 and 291-5 to enable the State to qualify for federal funds under Public Law 97-364, Title 23, U.S.C. Section 408. Approximately \$250,000 will become available to the State for alcohol programs upon enactment of these amendments.

(4) Section 4 has been amended to provide that those amendments relating to eligibility for federal funds will become effective upon approval and that subsection (c) of Section 291-4 as set forth in Section 1 of the Act will take effect on December 31, 1984. The Committee expects that the rules and regulations necessary for the certification of substance abuse counselors will be completed by this date.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 2142-84, 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. 2142-84, H.D. 1, S.D. 2, C.D. 1.

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

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

Conf. Com. Rep. 9-84 on H.B. No. 2163-84

The purpose of this bill is to 1) create the offense of promoting intoxicating liquor to a minor, which shall be a misdemeanor; 2) add the definition of intoxicating liquor to Section 712-1240, Hawaii Revised Statutes, regarding offenses related to drugs and intoxicating compounds, and 3) amend Section 712-1252, Hawaii Revised Statutes, regarding prima facie evidence of knowledge of character, nature, or quantity of substance, or age of transferee to include intoxicating liquor.

Present Hawaii law prohibits the sale or furnishing of intoxicating liquor to minors under certain circumstances. The prohibition covers distribution to minors in both the social noncommercial and commercial settings: 1) Hawaii Revised Statutes Section 281-4(c) prohibits the sale or furnishing of liquor to a minor in a commercial establishment by a licensed or unlicensed person who has knowledge that a person is a minor; 2) Hawaii Revised Statutes Section 281-78(a)(2) provides that at no time can a licensee sell or furnish intoxicating liquor to a minor; and 3) Hawaii Revised Statutes Section 281-101.5 prohibits adults from purchasing intoxicating liquor for consumption or use by a minor. Violating any of these statutory sections constitutes a petty misdemeanor. Existing law does not, however, prohibit adults, other than licensees under Chapter 281, from giving liquor to minors.

The bill would make it illegal for a person to knowingly 1) provide intoxicating liquor, via any means, to a minor, or 2) allow a minor to possess intoxicating liquor on property under that person's control.

The bill would also allow a defendant charged with promoting intoxicating liquor to a minor to raise the following defenses:

(1) the intoxicating liquor was an ingredient in medicine prescribed for treatment purposes; or

- (2) the intoxicating liquor was provided as part of a religious ceremony; or
- (3) the defendant provided the intoxicating liquor to the minor with the belief that the minor had attained the age of majority; or
- (4) the defendant provided the intoxicating liquor to the minor with the express consent of the parent or legal guardian and with the belief that neither the minor nor any other minor would consume any portion of the substance; or
- (5) the defendant provided the intoxicating liquor to the minor with the express consent of the parent or legal guardian with the belief that the minor would consume the substance only in the presence of the parent or legal guardian.

Your Committee finds that there is a need to reduce the number of drunk drivers on Hawaii's roads and the number of deaths resulting from accidents involving drunk driving. Your Committee finds that the passage of this bill will bring about a reduction of alcohol consumption by minors and a corresponding reduction in crime and in deaths and injuries.

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

- (1) Removing "nor any other minor" as an element of the fourth defense for the purpose of clarity;
- (2) Making a technical amendment to the bill for the purpose of style.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 2163-84, 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. 2163-84, H.D. 1, S.D. 1, C.D. 1.

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

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

Conf. Com. Rep. 10-84 on H.B. No. 1932-84

The purpose of this bill is to enable the Family Court to order outpatient treatment for mentally ill individuals who need treatment but are incapable of deciding to voluntarily seek or comply with such treatment.

Your Committee finds that involuntary outpatient treatment is a viable means to provide necessary care to persons whose personal history of mental deterioration indicates that they would become imminently dangerous to themselves or to others though they do not immediately pose such a threat. This provision is needed because under present law, such persons cannot be treated until they actually become so imminently dangerous to themselves or to others that they must be involuntarily committed to a psychiatric facility. Under this bill, timely intervention may be initiated to prevent or reduce serious mental deterioration and offer an alternative to institutionalization for such persons, thus permitting appropriate treatment to be provided in the least restrictive environment.

Your Committee upon further consideration has made the following amendments to H.B. No. 1932-84, H.D. 1, S.D. 2:

- (1) Section 2 has been amended to provide as in H.D. 1 of the bill that the public defender may be appointed to represent indigent subjects of an involuntary outpatient treatment petition.
- (2) Amendments in page 5, line 20, and in page 7, line 1 have been made to conform to the new Section 2.
- (3) The subsequent sections of the bill have been renumbered.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1932-84, 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. 1932-84, H.D. 1, S.D. 2, C.D. 1.

Representatives Chun, Stanley, Hayes, Hirono, Tom, Tungpalan and Ikeda,
Managers on the part of the House.

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

Conf. Com. Rep. 11-84 on H.B. No. 2308-84

The purpose of this bill is to conform Hawaii's controlled substance schedules with the federal schedules by adding the substances alpha-methylfentanyl, parahexyl, sufentanil, tilidine, alprazolam, halazepam, temazepam, triazolam, and synthetically produced cocaine. The bill further clarifies the legal definition of cocaine.

The bill also amends section 329-38 of the Hawaii Revised Statutes by requiring that the Department of Health shall issue an official prescription form for the prescriptions of a controlled Schedule II substance so that the procurement of Schedule II drugs through forged or stolen prescriptions and the theft of prescriptions are prevented.

Your Committee upon further consideration has made the following amendments to H.B. No. 2308-84, H.D. 1, S.D. 1:

(1) Section 5 of the bill which provides that the Department of Health shall issue an official prescription form for the prescriptions of a controlled Schedule II substance has been deleted. Your Committee while recognizing the problems of forged and stolen prescriptions, and unauthorized practitioners writing such prescriptions, wishes to allow the Hawaii Medical Association and the Department of Health to voluntarily address these problems before legislating in this area. Such legislation as proposed in this section may well be considered in the future.

(2) The subsequent sections of the bill have been renumbered to conform to the above amendment.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 2308-84, 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. 2308-84, H.D. 1, S.D. 1, C.D. 1.

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

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

Conf. Com. Rep. 12-84 on H.B. No. 1852-84

The purpose of this bill is to amend the Uniform Desertion and Nonsupport Act by deleting gender-specific language and clarifying the terms in sections 575-2 to 575-4, Hawaii Revised Statutes.

Deletion of gender-specific language is in accord with the intent of the Equal Rights Amendment to the Hawaii State Constitution, which guarantees equality of rights to both sexes. The substitution of the word "person" for "husband" will equalize the obligation of both spouses to each other and to the children.

Your Committee concurs with the finding that the absence of any spouse or parent from the other spouse or child or children under the age of sixteen for a continuous period of three months or more without first making suitable provision for the support or maintenance of the spouse, child, or children shall be prima facie evidence of desertion and wilful neglect. Any longer period of time will pose too much of an economic hardship for the deserted spouse, child, or children, who may be totally dependent on the support as their only source of income.

Your Committee upon further consideration has amended the bill for purposes of style and clarity.

Your Committee has further amended the bill revising the drafting style to what is currently provided under the statute.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1852-84, 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. 1852-84, H.D. 1, S.D. 1, C.D. 1.

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

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

Conf. Com. Rep. 13-84 on H.B. No. 1983-84

The purpose of this bill is to create a legal duty for any person at the scene of an accident, emergency, or crime who knows that a victim of the accident, emergency, or crime is suffering from serious physical harm. Such a person must obtain or attempt to obtain aid from law enforcement or medical personnel if the person can do so without danger or peril to any person. Any person who fails to comply with this duty shall be guilty of petty misdemeanor.

Under present law, there is a legal duty to assist police officers as provided under section 710-1011 and a legal duty to assist in fire control as provided in section 710-1012, Hawaii Revised Statutes.

Your Committee, upon further consideration, has amended the bill by limiting the circumstances where the legal duty to assist arises. Your Committee has provided that the legal duty to assist shall only apply to any person at the scene of a crime who knows a victim of the crime is suffering from serious physical harm. It is the intent of your Committee to encourage persons to come to the aid of others and to promote the public safety and welfare. Your Committee does not intend to have the police officers at the scene of the crime pursue persons who do not render aid at the expense of their primary duty of investigating the crime or providing emergency assistance.

Furthermore, in order to encourage persons to aid others, your Committee has amended the bill by providing that those who do come to the aid of crime victims shall be exempted from civil liability unless their acts constitute gross negligence or wanton acts or omissions, or unless they receive or expect to receive remuneration for their acts. Persons who fail to provide reasonable assistance required by this bill will not be liable for civil damages.

Your Committee has amended the bill further with technical, non substantive amendments for grammatical clarity.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1983-84, 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. 1983-84, H.D. 1, S.D. 1, C.D. 1.

Representatives Stanley, Kim, 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. 14-84 on H.B. No. 1863-84

The purpose of this bill is to insert a reference to a statutory chapter in §707-726(1), Hawaii Revised Statutes, in place of a reference to a statutory chapter that needs to be deleted because it was repealed in 1982.

This bill is a housekeeping measure. Chapter 585, relating to Ex Parte Temporary Restraining Orders, was repealed in 1982, and Chapter 586, relating to Domestic Abuse Protective Orders, was enacted in its place. However, Hawaii Revised Statutes 707-726(1) was not also amended to change the reference to the new chapter.

The bill also provides stylistic revisions for the purpose of clarity by specifying that the offense of custodial interference is committed by a relative of a person less than eighteen years of age.

Your Committee upon further consideration has amended the bill for purposes of clarity and style as follows:

1. References to "the relative" have been deleted in page 1, lines 7, 12, and 14 and replaced by the pronoun, "he".
2. The reference, "or herself", has been deleted on page 1, line 14.

Your Committee has also made technical, non-substantive amendments to conform with Ramseyer requirements.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1863-84, 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. 1863-84, H.D. 1, S.D. 1, C.D. 1.

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

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

Conf. Com. Rep. 15-84 on H.B. No. 2281-84

The purpose of this bill is to further regulate the activities of condominium managing agents.

This bill: 1) requires managing agents to register with the Real Estate Commission; 2) allows the Commission to reject managing agent applications failing to meet statutory requirements; 3) requires managing agents to deposit condominium project funds in an insured financial institution located in this State; 4) prohibits tampering of condominium records of managing agents; 5) requires managing agents to have a designated agent in the State authorized to act on the managing agent's behalf; 6) designates managing agents as fiduciaries with respect to funds dispersed and collected on behalf of condominium owners; 7) provides penalties for managing agents violating applicable laws; 8) adds a new definition of "Managing agent"; 9) authorizes the Real Estate Commission to investigate and enjoin managing agents when necessary; 10) increases the bonding requirements for managing agents; 11) allows managing agents to dispose of condominium records under certain conditions; 12) assesses a registration fee on managing agents to be placed in the Compliance Resolution Fund; 13) includes "fiscal management" as a duty in redefining the term "operation of the property"; and 14) requires the Association of Apartment Owners, in those projects having no managing agent, to provide to the Real Estate Commission, at its request, evidence of the required bonding for persons handling the project's funds.

Your Committee, upon further consideration, has amended section 514A-84(c), Hawaii Revised Statutes, to make it consistent with the proposed amendments to section 514A-84(b), Hawaii Revised Statutes. Section (c) has been amended to read as follows:

"If a project chooses not to have a managing agent, a fidelity bond in an amount equal to [~~\$250~~] \$500 multiplied by the number of units in the project shall be secured for all [~~individuals~~] persons handling the project's funds; provided that the minimum amount of bond required by this subsection shall not be less than [~~\$10,000~~] \$20,000 nor greater than [~~\$50,000.~~] \$100,000...."

Your Committee further amended the bill by making nonsubstantive changes.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 2281-84, 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. 2281-84, H.D. 1, S.D. 1, C.D. 1.

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

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

Conf. Com. Rep. 16-84 on H.B. No. 1790-84

The purpose of this bill was to allow speedier formation of businesses within the State by simplifying the registration standards used in determining the acceptability of business names and marks.

Your Committee, upon further consideration, has amended page 8, line 15 to correct a drafting error. Section 482-4(a), Hawaii Revised Statutes, has been amended to read as follows:

"(a) It [is] shall be unlawful for any person to adopt or use a print, label, trademark, service mark, or trade name which is identical to or confusingly similar..."

Your Committee on Conference is in accord with the intent and purpose of H.B. 1790 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. 1790-84, H.D. 1, S.D. 1, C.D. 1.

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

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

Conf. Com. Rep. 17-84 on H.B. No. 2012-84

The purpose of this bill was to require licensed contractors who advertise to include their assigned license number in their advertisements.

Your Committee finds that an effective date upon approval would be unduly burdensome and unrealistic, since telephone advertising solicitation for the 1985 telephone directory has been going on for several months. Your Committee, in fairness to the industry has, upon further consideration, amended the bill by amending Section 3 to read as follows:

"This Act shall take effect on November 1, 1984."

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 2012-84, 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. 2012-84, H.D. 1, S.D. 1, C.D. 1.

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

Senators Cobb, Salling, Kuroda and Soares,
Managers on the part of the Senate.

Conf. Com. Rep. 18-84 on H.B. No. 1311

The purpose of this bill is to amend Section 92-7 (b) of the Hawaii Revised Statutes, by expanding the seventy-two hour public notice filing and posting requirement for meetings of public agencies.

According to testimony previously received by your Committee, the current seventy-two hour requirement is not sufficient for the public to be made aware of forthcoming public hearings. Further, an extension of time beyond the present requirement would be of great assistance to individual citizens and community groups and associations in the preparation for public hearings.

Your Committee has amended this bill by deleting the amendment made to Section 37-111(c) which would provide for closed meetings of the Council on Revenues and for the nondisclosure of confidential tax information. In its place, your Committee has reinserted the amendment requiring six calendar days for the filing of notice

of public meetings in lieu of the seventy-two hour requirement currently in Section 92-7(b). In addition, the phrase "in the manner provided herein" in lines 11 and 12 on page one of the bill has been deleted.

Your Committee is in agreement that the above-described amendments which doubles the current time required for filing of hearing notices are consistent with the original bill.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1311, 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. 1311, H.D. 1, S.D. 1, C.D. 1.

Representatives Albano, Graulty, Hayes, Honda, Nakasato, Wong and Anderson,
Managers on the part of the House.

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

Conf. Com. Rep. 19-84 on S.B. No. 300

The purpose of this bill is to amend Chapter 291, Part II, Hawaii Revised Statutes, by adding a new section to require that automobile alarm systems which emit sounds when activated have an automatic device that terminates the alarm system within ten minutes of activation.

Presently, motor vehicle alarm systems are not subject to any kind of statutory regulation. They frequently malfunction causing many people to suffer through hours of noise and discomfort and police are not authorized to deactivate these alarms.

The main purpose of this bill is to prevent excessive and continuous noise from motor vehicle alarm systems. Your Committee finds that this purpose can best be achieved by requiring registered owners to be responsible for deactivating their alarm systems rather than by prohibiting the sale, purchase or installation of alarm systems which do not automatically terminate within a specified period of time. Therefore, your Committee has amended S.B. No. 300, S.D. 1, H.D. 1, by:

1. Amending subsection (b) to provide that registered owners shall be fined if their motor vehicle alarm systems are activated for more than five continuous minutes. Presently, subsection (b) prohibits the purchase, sale or installation of motor vehicle alarm systems which do not automatically terminate within ten minutes.

2. Amending subsection (b) to decrease the time period during which motor vehicle alarm systems may legally emit sound from ten to five minutes.

3. Amending subsection (b) to provide that fines for violations of this new section shall be "not more than \$100".

Your Committee believes that courts should have discretion in assessing fines for violations of this new section since there may be times when alarm system malfunctions may be caused by the illegal acts of others and finds that this penalty provision provides such flexibility.

4. Deleting subsections (c) and (d) since these provisions are applicable only where there is a prohibition against the sale, purchase or installation of certain types of alarm systems.

5. Deleting the instruction that this new section shall be included in part II of Chapter 291, Hawaii Revised Statutes.

Your Committee believes that this bill, as amended, can afford residents with some relief from the frequent malfunctioning of vehicle alarm systems and at the same time takes into consideration the concerns of victims whose alarm systems are damaged by the illegal acts of others.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 300, 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. 300, S.D. 1, H.D. 1, C.D. 1.

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

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

Conf. Com. Rep. 20-84 on H.B. No. 2108-84

The purpose of this bill is to amend Chapter 188, Hawaii Revised Statutes:

(1) By adding a new paragraph (7) in subsection 188-29(a), to allow persons engaged in surround net fishing with scuba to transport fish to boats or the shore in nets with a mesh measurement of not less than one and one-half inches, rather than the present minimum legal size of stretched mesh for netting of two inches;

(2) By amending paragraph (8) in subsection 188-29(a), to limit the size of a bullpen trap to 1,500 feet in any direction and to limit the time such a trap may be left in the water to 16 hours;

(3) By amending Section 188-28.5, to clarify the definition of a bullpen trap; and

(4) By deleting subsection 188-28.5(b) which refers to gill nets.

Under this bill, the use of nets with mesh of not less than one and one-half inches is permitted to assist scuba fishermen in transporting their catch. Your Committee finds that the bill is not contrary to fish conservation principles and that nets of one and one-half inches mesh measurement enable regeneration of fish populations.

Moreover, the bill proposes to clarify the definition and use of bullpen traps. Your Committee is of the opinion that greater clarification is needed, and recommends the following amendments:

(1) In Section 188-28.5, to specify that a bullpen trap is "a pen and guide or guides", and that the length or lengths of the guide or guides may include netting. This would eliminate any ambiguity as to what is meant;

(2) In new subsection 188-28.5(b) and (c), to limit further the size of a bullpen trap to 750 feet in total length, which includes the pen and guide or guides, and to restrict the time such a trap may be left in the same place to 12 hours, rather than "left unattended" for more than 16 hours; and

(3) To make technical and non-substantive amendments, as well as changes in style in conformance with standard format in drafting bills.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 2108-84, 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. 2108-84, H.D. 1, S.D. 1, C.D. 1.

Representatives Say, Matsuura, Bunda, Kiyabu-Saballa, Souki and Dang,
Managers on the part of the House.

Senators Aki, Hagino and A. Kobayashi,
Managers on the part of the Senate.

Conf. Com. Rep. 21-84 on H.B. No. 2337-84

The purpose of this bill is to require vehicles which are operated on public highways, other than motorcycles, motor scooters and certain older model vehicles, to display "at least two tail lights, spaced as far apart as practicable, which shall display red lights". With respect to motorcycles and motor scooters, the bill would require the display of only one red tail light.

Your Committee finds that present provisions requiring reflectors on bicycles are sufficient to protect bicyclists who ride their bicycles after dark. Therefore, it has amended Section 1, page 1, line 6 of the bill to add "bicycle" to the list of

vehicles exempt from the two tail light requirement.

Your Committee is aware that H.B. No. 2161-84 proposes that the definition of "vehicle", for purposes of Chapter 291C, Hawaii Revised Statutes, include bicycles. Although this new definition will not bear directly upon Chapter 291, your Committee wishes to make clear that bicycles are not required to have tail lights. Your Committee also wishes to state that by making this exclusion for bicycles in Section 291-31, Hawaii Revised Statutes, it is not making any determination as to whether the term "vehicle" includes bicycles for purposes of other sections of Chapter 291, Hawaii Revised Statutes.

For the purpose of consistency, your Committee has added "thereof" at Section 1, page 1, line 8, and Section 1, page 2, lines 3, 13 and 20 of the bill.

Your Committee has also amended the bill by replacing "towards" with "from" at Section 1, page 2, lines 3 and 20 of the bill. This amendment is intended only to effect a stylistic, rather than a substantive, change in the law.

Finally, your Committee has deleted the word "where" from Section 1, page 1, line 12 of the bill to conform to recommended bill drafting style.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 2337-84, 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. 2337-84, H.D. 1, S.D. 1, C.D. 1.

Representatives Taniguchi, Stanley, Hayes, Lardizabal, Nakasato and Medeiros,
Managers on the part of the House.

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

Conf. Com. Rep. 22-84 on H.B. No. 1828-84

The purposes of this bill are as follows:

- 1) To clarify the definition of "special facility" in Section 266-51, Hawaii Revised Statutes;
- 2) To increase the maximum aggregate principal amount of special purpose harbor revenue bonds that can be issued from \$20,000,000 to \$50,000,000; and
- 3) To extend the period during which these bonds may be issued from June 30, 1983 to June 30, 1987.

The current definition of "special facility" does not clearly include or exclude buildings, structures, or facilities used for the processing and canning of fish and fish products. This bill would clarify Section 266-51, Hawaii Revised Statutes, to specifically include certain buildings, structures, or facilities used for the canning of fish and fish products in the definition of "special facility".

Present law requires that in order for a building, structure, or facility to be a "special facility", it must be "on land owned by the State for maritime operations". The Senate version of this bill would require that such buildings, structures, or facilities be "on land owned by the State and designated for maritime and marine operations". Your Committee finds that harbor special facility bonds should be available for buildings, structures, or facilities which are used for maritime and marine operations regardless of whether the land on which they are located is designated for maritime and marine operations. Your Committee has, therefore, amended Section 1, page 1, line 6 of the bill to remove the words "and designated".

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1828-84, 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. 1828-84, H.D. 1, S.D. 1, C.D. 1.

Representatives Taniguchi, Say, Kiyabu, Crozier, Hee, Wong and Anderson,
Managers on the part of the House.

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

Conf. Com. Rep. 23-84 on H.B. No. 2224-84

The purpose of this bill was to allow motorcyclists to purchase no-fault insurance with increased deductibles for personal injury incurred by the insured.

Under present law, motorcyclists may purchase no-fault insurance with personal injury deductibles of \$100, \$300, \$500 and \$1,000 per accident.

Your Committee, upon further consideration, has made the following amendments:

(1) Deletion of the \$100 and \$300 deductible and the proposed \$2,500 deductible and insertion of a deductible increment of \$3,000. This proposed amendment is reflected on page 3, line 12 and page 15, line 10 and

(2) New section 294-13(o), Hawaii Revised Statutes, has been amended to increase the amount of reduction the insurer may offer to a motorcyclists. Section (o) has been amended to read as follows:

"Notwithstanding subsection (j), all insurers of any motorcycle, motor scooter, or vehicle with less than four wheels may provide a reduction of not more than fifteen per cent off the regular premium each insurer assesses to the operator purchasing a renewal no-fault policy, and a reduction of not more than fifteen per cent off the regular premium each insurer assesses to the operator purchasing a no-fault policy when the operator purchases insurance for more than one vehicle of the type described in this subsection."

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 2224-84, 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. 2224-84, H.D. 1, S.D. 1, C.D. 1.

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

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

Conf. Com. Rep. 24-84 on H.B. No. 1989-84

The purpose of this bill is: 1) to enable the Family Court to receive into evidence any report concerning a court-ordered blood test which has a ninety-five percent or more probability of the alleged father's paternity; 2) to specify that the report may include other medical evidence on paternity; and 3) to provide the right to all parties to rebut the results of any blood test and any report concerning a blood test.

Your Committee finds that advances in technology have made blood tests, which indicate the probability of paternity, a determinative factor in many cases. Blood tests in paternity actions have reached such an exact science that most of the procedures are now standardized and routine. Therefore, the use of a witness to establish a foundation for the admission of a blood test will be unduly burdensome and costly in most cases because of the high reliability in the way these tests are conducted. Accordingly, your Committee has amended the bill by deleting the provision that only reports with a ninety-five percent or more rate of probability shall be admitted into evidence because your Committee is satisfied that all blood tests have achieved the same level of trustworthiness of process and procedure.

Your Committee has amended the bill to provide an opportunity for an alleged parent to object to the admission of the report and for the Family Court to hold a hearing to determine whether the report is to be admitted with or without foundational witnesses.

Your Committee also has made technical, non-substantive amendments for style and clarity.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1989-84, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1989-84, S.D. 1, C.D. 1.

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

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

Conf. Com. Rep. 25-84 on H.B. No. 538

The purpose of this bill is to establish that it will be a criminal offense for any person to manufacture, distribute, or possess with intent to distribute, an imitation controlled substance. The bill provides that an imitation controlled substance is a substance that is not a controlled substance but which by dosage unit, appearance (including color, shape, size, and markings), or by representations made, will lead a reasonable person to believe that the substance is a controlled substance. Manufacture or distribution of an imitation controlled substance shall be a class C felony. Possession of an imitation controlled substance shall be a petty misdemeanor unless the imitated substance is subject to §712-1249 in which case the offense will be a violation.

The bill further provides that there shall be no civil or criminal liability under this new chapter for any person registered under chapter 329 of the Hawaii Revised Statutes, and that all imitation controlled substances shall be subject to forfeiture pursuant to the procedures set forth in section 701-119 of the Hawaii Revised Statutes.

Your Committee concurs with the finding that the distribution of look-alike drugs is a major nationwide drug abuse problem and that there is a need for effective laws for the control of the manufacture, distribution, and possession of an imitation controlled substance. The primary target for the manufacture and distribution of imitation controlled substances are usually college, high school, and even junior high school students. Overdoses of these substances have led to serious injuries and deaths.

Your Committee upon further consideration has amended the bill by providing that manufacture and distribution of an imitation controlled substance shall be a misdemeanor, while the distribution of an imitation controlled substance to a minor shall be a class C felony. Your Committee feels that minors should be afforded more protection by the law because of their vulnerability to this kind of exploitation.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 538, 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. 538, H.D. 1, S.D. 1, C.D. 1.

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

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

Conf. Com. Rep. 26-84 on H.B. No. 2275-84

The purpose of this bill is to regulate the height of bumpers on motor vehicles with a gross vehicle weight rating of 10,000 pounds or less.

Currently, there are no regulations relating to bumper height for such vehicles. This bill limits the height of bumpers for motor vehicles with an exemption for motor vehicles, which at manufacture, have a bumper height in excess of that provided for in the bill. This bill also provides a definition of "bumper."

The Committee recognizes that there is general concern regarding excessive motor vehicle heights. However, a delayed effective date was agreed upon to

provide reasonable notice to those in the after-market parts industry and the consumers to make changes necessary to comply with bumper height standards.

Your Committee upon further consideration has made the following amendment to H.B. No. 2275-84, H.D. 1, S.D. 1:

- (1) The effective date will be extended to July 1, 1985.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 2275-84, 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. 2275-84, H.D. 1, S.D. 1, C.D. 1.

Representatives Nakasato, Shito, Albano, Taniguchi, Tungpalan and Medeiros,
Managers on the part of the House.

Senators B. Kobayashi, George and Solomon,
Managers on the part of the Senate.

Conf. Com. Rep. 27-84 on S.B. No. 2087-84

The purpose of this bill was to limit the amount of interest that may be charged on certain agreements of sale under chapter 478, Hawaii Revised Statutes, and to eliminate the "drop dead" provisions in chapters 408 and 478, Hawaii Revised Statutes.

Your Committee finds that buyers under many agreements of sale may be unable to qualify for financing to satisfy their agreements of sale at maturity due to interim increases in market interest rates. Unlike lenders, whose costs of funds fluctuate, many sellers have older fixed-rate mortgages at low interest rates so that interest rates charged on the agreements of sale are excessively above the mortgage rates. This results in sellers having an undue advantage in bargaining power. This bill would alleviate the situation by limiting the interest rates on agreements of sale in such circumstances by imposing a ceiling related to the underlying mortgage rate.

With regard to the "drop dead" provisions on interest rates, your Committee finds that having unrealistically low interest rate ceilings adversely affects businesses and makes it difficult for consumers to obtain needed credit and loans. Your Committee is persuaded that the interest rates currently in effect are realistic and that competition will prevent lenders from automatically charging maximum allowable interest rates.

Upon further consideration, your Committee has amended S.B. No. 2087-84, S.D. 1, H.D. 1, by:

- (1) Increasing the legal maximum rate of interest which may be charged upon the extension or renegotiation of an agreement of sale. The amendment increases this rate from two per cent to four per cent above the highest rate of interest of any loan secured by the real property which is the subject of the agreement of sale. It is the intent of the committees represented to observe the effect and application of the changes in interest rate ceilings during the next year and to be prepared to make amendments which may be necessary and appropriate.

- (2) Deleting an unnecessary comma after the word "that" on page 15, line 7 and the phrase ", or the rate" on page 15, line 17, as it is unnecessary and confusing.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 2087-84, 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. 2087-84, S.D. 1, H.D. 1, C.D. 1.

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

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

Conf. Com. Rep. 28-84 on S.B. No. 1872-84

The purpose of this bill is to allow apartment owners flexibility in amending Declarations of Horizontal Property Regimes with respect to subdividing or consolidating apartments. The bill also simplifies procedures to amend Declarations to accommodate condominium projects developed on an incremental basis and to file "as built" certifications of architects or engineers when a project is completed.

Your Committee made a technical change to the bill on page 7, line 1, by removing the parentheses from the number 11 in the reference to section 514A-11(12).

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1872-84, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1872-84, H.D. 1, C.D. 1.

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

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

Conf. Com. Rep. 29-84 on S.B. No. 1740-84

The purpose of this bill was to extend the time for repeal of the Board of Nursing until December 31, 1990. The bill also addresses concerns expressed by the Legislative Auditor's Sunset Report on Nursing (Report No. 84-4).

Your Committee finds that the bill would: 1) permit the continued regulation of nursing; 2) require the Board of Nursing to monitor laws of other states and make recommendations to the Legislature on amendments to the definition of "the practice of nursing"; 3) repeal the requirement that the executive secretary of the Board be knowledgeable and experienced in nursing, and to require the executive secretary to maintain a manual of policies and procedures of the Board; and 4) prohibit the Board from requiring faculty members of nursing education programs to receive the Board's approval prior to teaching.

Your Committee upon further consideration amended the bill on page 6, line 9 by replacing the phrase, "in the field of nursing", with "of a health related field". This amendment provides the Board with more flexibility in selecting an executive secretary who possesses an adequate professional background in a health related field to fulfill the requirements of the position.

Your Committee has further amended the bill by removing an unnecessary comma after the word "recommendations" on page 5, line 13.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1740-84, 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. 1740-84, S.D. 1, H.D. 1, C.D. 1.

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

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

Conf. Com. Rep. 30-84 on S.B. No. 2073-84

The purpose of this bill is to authorize the payment of legislative salaries in equal semi-monthly installments, beginning with the first pay period for state employees in November of the year the legislator is elected.

This bill shall take effect only upon the voters' ratification of the proposed constitutional amendment to Article III, Section 9, of the Constitution of the State of Hawaii, providing that the method of payment of legislative salaries shall be as established by law. This bill prescribes that method of payment.

The current legislative salary plan, adopted by the 1978 Commission on Legisla-

tive Salary, provides that over seventy-five percent of the annual legislative salary shall be paid during February, March, and April. The balance is paid in equal installments over the other nine months. This method of payment has resulted in a disproportionately large amount of tax being deducted from the salaries during the legislative session months relative to the total annual salary. The small amounts paid during the nonlegislative session months serve to place a legislator with little or no income, other than the legislative salary, in the position of possibly being qualified for public assistance.

Your Committee finds that equal and regular payment of salaries would achieve a more reasonable pattern of salary payment and is more practical and efficient.

Your Committee has amended the bill to delete reference to the requirement that payments be made semi-monthly. This will avoid the necessity of amending the section if the State changes its present semi-monthly payment schedule. Your Committee has also made technical, nonsubstantive amendments.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 2073-84, 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. 2073-84, S.D. 1, H.D. 1, C.D. 1.

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

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

Conf. Com. Rep. 31-84 on S.B. No. 29

The purpose of this bill was to require strict disclosure requirements for developers, sales or acquisition agents who offer gifts or prizes in writing to prospective time share purchasers and condition the offer on the prospective purchasers' attendance at a time share sales presentation.

Currently, there is no statutory time share advertising or promotions requirement for disclosure of information regarding prizes or gifts offered, conditions of receipt and a full description of the item offered.

Upon further consideration, your Committee has made the following amendments to the bill:

(1) On page 2, line 8 and page 4, line 17, the word "bold" was added before the word "type", as it appeared in the original version of the bill.

(2) The proposed new section 514E-11 (3)(D), on page 2, lines 16-18, was amended to include the phrase, "type of ownership, exchange, privileges, limitations, and", to provide for more specific disclosure requirements of a time share project. The section was further amended on page 2, line 18 by substituting the word "interests" for the word "product" for the purpose of clarification.

(3) On page 2, lines 2 and 14, and page 4, line 11, the words "submit to" were deleted and replaced with the word "attend" for the purpose of clarification.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 29, 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. 29, S.D. 1, H.D. 1, C.D. 1.

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

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

Conf. Com. Rep. 32-84 on S.B. No. 26

The purpose of this bill is to require automobile manufacturers or dealers to repair or replace new motor vehicles to consumers, or refund to consumers, the purchase price of new motor vehicles which do not conform to express warranties.

In addition to providing remedies to consumers, this bill also:

- (1) Specifies the conditions and procedures to be met and followed by consumers and manufacturers regarding the repair, replacement, and refund of the purchase price of new motor vehicles;
- (2) Does not abrogate or limit the rights or remedies which are otherwise available to consumers;
- (3) Prohibits consumers from obtaining a replacement or refund of the purchase price of a new motor vehicle if the consumer fails to utilize any informal dispute settlement procedure that may be offered by the manufacturer;
- (4) Provides a statute of limitations of one year following the expiration of a warranty for actions to be initiated under the proposed law; and
- (5) Redefines the term "Consumer" from "a person who intends to or actually drives or physically utilizes a motor vehicle..." to "any person who purchases, other than for purposes of resale, a motor vehicle for personal, family, household or business purposes..." The "household" purpose has been added to the definition. "Consumer" has also been amended to include subsequent owners of new motor vehicles still under warranty, and any other person entitled by the terms of a warranty to enforce the obligations of the warranty.

Your Committee has amended the bill by amending page 3, line 19 of the bill as received (page 3, line 17 of the conference draft) to read: "accordance with subsection (a), its agent, distributor, or ...", by amending page 4, line 23 of the bill as received (page 4, line 22 of the conference draft) to underscore the word "household" which is new statutory material and by amending page 3, line 15 of the bill as received (page 3, line 13 of the conference draft) to add a comma and delete the word "or" after the word "strike", and to delete the comma after the word "flood".

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 26, 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. 26, S.D. 1, H.D. 1, C.D. 1.

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

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

Conf. Com. Rep. 33-84 on S.B. No. 2049-84

The purpose of this bill is to amend several sections of Chapter 287, Hawaii Revised Statutes, the Motor Vehicle Safety Responsibility Act as follows:

- (1) Section 287-8, Hawaii Revised Statutes, would exclude from the security and suspension requirements of Sections 287-5 and 287-6, Hawaii Revised Statutes, "the driver of a motor vehicle owned by that person's employer involved in an accident during the normal scope of that person's employment."
- (2) Section 287-9(2), Hawaii Revised Statutes, would provide that a license or permit suspended pursuant to Section 287-6, Hawaii Revised Statutes, would be suspended for a period of two years, rather than one year as current law requires.
- (3) Presently, Section 287-9(3), Hawaii Revised Statutes, provides that if there were to be a default in the payment of an installment under an agreement in accordance with Section 287-8(4), Hawaii Revised Statutes, the license shall be suspended until one year has elapsed from the date security has to be deposited. The bill would amend Section 287-9(3), Hawaii Revised Statutes, to extend this period to two years.
- (4) Currently, Section 287-20, Hawaii Revised Statutes, states that proof of financial responsibility is required upon conviction of certain crimes and in the case of certain adjudications. This bill would amend that section to include convictions for driving during suspension or revocation of a license and failure to have an effective no-fault insurance policy required by Section 294-8(a), Hawaii

Revised Statutes, as additional offenses for which proof of financial responsibility would be required.

Your Committee has made a technical, nonsubstantive amendment to the bill by deleting the period after the word "fault" on line 18, page 5 of the bill as received (line 17, page 5 of the Conference Draft) and substituting a semicolon and the word "and" therefor.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 2049-84, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2049-84, H.D. 1, C.D. 1.

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

Senators B. Kobayashi, Toguchi and George,
Managers on the part of the Senate.

Conf. Com. Rep. 34-84 on S.B. No. 2243-84

The purpose of this bill is to revise the current law concerning small boat harbors.

Specifically, this bill:

- 1) Permits for a one year period following the bill's enactment, commercial vessel owners holding valid mooring or commercial permits to transfer ownership of the vessel to corporate or other business ownership without terminating their rights under those permits;
- 2) Adds the definition of "person" and clarifies the definition of "owner";
- 3) Statutorily requires a vessel owner who is permitted to moor in a state small boat harbor to notify the Department of Transportation (DOT) of any transfer of any interest in, or possession of, the vessel;
- 4) Exempts transfers of stock, or of an interest in a noncorporate business entity, from the provisions automatically terminating a commercial permit upon transfer of vessel ownership, and allowing the DOT to adopt rules governing such transfers;
- 5) Requires that any person possessing a commercial permit meet minimum revenue standards, as determined by DOT;
- 6) Makes technical amendments to Section 266-25, Hawaii Revised Statutes, relating to penalties for violation of certain DOT regulations and the lawful commands of certain harbor personnel;
- 7) Adds a proviso to Section 266-25, Hawaii Revised Statutes, which would allow the courts to deprive a person violating certain DOT harbors regulations and lawful commands of certain harbor personnel of the privilege of operating or mooring a vessel in state waters for up to two years; and
- 8) Permits the courts to impose a term of imprisonment of up to one year for certain serious violations of these rules or commands.

Under present DOT rules, any transfer of an interest in a vessel from a natural person holding the permit to moor the vessel at a state small boat harbor (the "permittee") to a corporation or other business entity automatically terminates any right to moor or operate the vessel under the permit. Also, most significant transfers of an interest in a permittee which is a business entity are deemed changes in ownership which terminate the permittee's rights. Due to the long waiting lists for commercial mooring permits, a vessel which has its license terminated may have to wait years to obtain another permit at the same harbor.

The inability of an individual permittee to change the commercial operation to corporate or another business form, due to the threat of automatic loss of the permit, severely hampers the permittee's ability to obtain capital for, and to expand, the permittee's business.

Because no significant interest in a business entity such as a corporation, limited partnership, or business trust can be transferred without causing loss of the permit, if a holder of an interest in the business entity which owns the vessel dies, retires, or simply wishes to sell the interest, the employees of the business lose their jobs.

Your Committee feels that a sale or other disposition of stock of a corporate permittee, a limited partnership interest in a limited partnership permittee, or the beneficial interest of a business trust permittee, should not be considered a change in the ownership of the vessel because the vessel's owner, the corporation, the limited partnership, or the business trust remains the same.

Your Committee finds that it is imperative for the continuing economic viability of commercial vessels that there be some certainty with respect to moorage of commercial vessels in order that these businesses may continue to provide revenue for the State, jobs for Hawaii's people, and recreation for residents of, and visitors to, Hawaii.

Your Committee intends that any DOT rule restricting, or otherwise relating to, these transfers shall be prospective only in application and shall not be applied to invalidate any transfer legitimately made pursuant to Section 266-21.1 prior to the adoption of such rule. It is also the intent of the Committee that any such rules shall be applied uniformly and equally to all commercial vessels, or to all commercial vessels of a particular class, wherever moored in the State, unless disparate treatment is necessitated by the configuration of a particular harbor or by similar considerations.

Your Committee upon further consideration has made the following amendments to S.B. No. 2243-84, S.D. 1, H.D. 1:

- 1) A spelling correction is made on Page 2, line 9 to correct the spelling of "charterer"; and
- 2) The proviso in section 2 authorizing imprisonment for serious violations has been deleted, because the current law covers these areas.
- 3) Nonsubstantive clarifying language changes were made to the proposed new language relating to transfers of stock and minimum revenue standards appearing in the last paragraph of page 2 and the top of page 3.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 2243-84, 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. 2243-84, S.D. 1, H.D.1, C.D. 1.

Representatives Hayes, Kawakami, Honda, Wong, Yoshimura and Anderson,
Managers on the part of the House.

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

Conf. Com. Rep. 35-84 on H.B. No. 177

The purpose of this bill is to amend the Hawaii State Planning Act by removing the requirements of conformance by the State and Counties with the overall theme, goals, objectives, policies and priority directions of the Act. State programs would only have to "consider" the overall theme, goals, objectives, policies, priority guidelines and functional plans. Furthermore, this bill has amended all references to "priority directions" to read "priority guidelines."

Your Committee has carefully reviewed the relationships among the overall theme, goals, objectives, and policies; the priority directions; the functional plans; county general plans and development plans; and state programs. The primary concern in this review was the meaning of "be in conformance with the overall theme, goals, objectives, policies, and priority directions," as stated in existing law, and "shall utilize as guidelines," as proposed to apply to the functional plans. There is a concern that a decision or state program will be subject to legal attack and judicial invalidation if one or more, but not all, goals, objectives, and policies are acted upon in the decision or program. This could occur when different

goals, objectives, or policies appear to be in conflict, as applied to a specific case or program. Your Committee has thus included a definition of "be in conformance" as follows:

(14) For the purposes of sections 226-52, 226-57, and 226-62, "conform," "in conformance with this chapter," or "be in conformance with the overall theme, goals, objectives and policies" means the weighing of the overall theme, goals, objectives and policies of this chapter and a determination that an action, decision, rule or state program is consistent with the overall theme, and fulfills one or more of the goals, objectives or policies of this chapter.

Under this definition, the decision-maker must take two steps to be in conformance: (1) weigh the overall theme, goals, objectives, and policies as they apply to the particular decision; and (2) make a determination that the decision is consistent with the overall theme, and also fulfills one or more of the goals, objectives, or policies of the chapter. The fact that there are other goals, objectives, or policies which might have been fulfilled, but were not, does not subject the decision to legal challenges based on the provisions of Chapter 226.

Similarly, there is concern that the functional plans will be interpreted to be legal mandates. It is the position of your Committee that the functional plans are not legal mandates, nor legal standards of performance. It is the position of your Committee that a decision or program which does not follow a functional plan, or which appears to be in conflict with a functional plan, is not therefore subject to legal attack or judicial invalidation based on the provisions of Chapter 226. Your Committee has thus defined "guidelines" as follows:

(15) For the purposes of this chapter, "guidelines" means a stated course of action which is desirable and should be followed unless a determination is made that it is not the most desirable in a particular case; thus, a guideline may be deviated from without penalty or sanction.

Under this definition, functional plans describe courses of action which are desirable and should be followed. However, the decision-maker may make a determination that in a particular case, that course of action is not the most desirable. This determination must be made openly, and it must include an explanation as to why the deviation is necessary. Such a deviation, however, is not subject to legal attack or judicial invalidation based on the provisions of Chapter 226.

With these definitions, H.B. No. 177, H.D. 1, S.D. 1, C.D. 1 provides the following linkages between the elements of the statewide planning system. State functional plans and state programs not covered by functional plans shall be in conformance with the overall theme, goals, objectives, and policies of Chapter 226. Priority directions are retitled "priority guidelines." The state functional plans shall conform with the priority guidelines, and state programs not covered by functional plans shall utilize the priority guidelines as guidelines. The state functional plans shall be utilized as guidelines by state programs.

In regard to the counties, the county general plans and development plans shall further define the overall theme, goals, objectives and policies of Chapter 226, and shall further define and be guided by the priority guidelines. The formulation and amendment of the functional plans "shall take into consideration" the county general plans and development plans, and the amendment of the county general plans and development plans shall take into consideration the functional plans. Your Committee finds that the term "consideration" should not be taken lightly. Your Committee finds that every effort should be taken on the part of the county and state planning bodies to work within the framework provided by the respective county general plans, development plans, and state functional plans in their formulation, amendment and implementation.

Your Committee has thus established linkages which are stronger, with a higher standard of conformance, for state functional plans and programs than for the county general plans and development plans. The county plans and functional plans are also deemed to be of equal importance in their relationship with each other.

Your Committee finds that H.B. No. 177, H.D. 1, S.D. 1, deletes the role of the policy council in regard to the resolution of conflicts between proposed functional plans and general plans of the counties. Your Committee finds that the policy council currently performs a beneficial role in the resolution of conflicts and differences between county general and state functional plans. The continued

existence of this role has been deemed necessary by your Committee. H.B. No. 177, H.D. 1, S.D. 1, C.D. 1, therefore, reinstates this function of the policy council.

Your Committee further finds that H.B. No. 177, H.D. 1, S.D. 1 repeals Section 226-62, Hawaii Revised Statutes, regarding the role of the Hawaii State Planning Act in the formulation, administration, and implementation of state programs. Your Committee finds that this linkage is of vital importance to the overall implementation of state programs. Your Committee has therefore reinserted this section into the bill.

Your Committee has also amended this bill by making several technical, nonsubstantive changes.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 177, 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. 177, H.D. 1, S.D. 1, C.D. 1.

Representatives Andrews, Apo, Kiyabu, Leong, Morgado, Tom and Jones,
Managers on the part of the House.

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

Conf. Com. Rep. 36-84 on H.B. No. 267

The purpose of this bill is to redefine petroleum shortage, expand the Governor's emergency powers during such a shortage, and establish a hardship set-aside system of petroleum products during a shortage.

Section 125C-2, Hawaii Revised Statutes, currently defines a shortage only in terms of a decrease in the supply of available gasoline. This bill defines a shortage as a gap between supply and demand and would change the definition of shortage to apply to a broader range of petroleum products.

The bill also strengthens the State's capabilities of managing shortages of petroleum products by enabling the Governor or his authorized representative to exercise control over petroleum substitutes in the generation of electricity and blending of gasohol.

This bill also establishes a State hardship set-aside program to control no more than five per cent of available fuels to protect the public's health, safety, and welfare, to maintain essential services, and to aid agricultural and other vital and competitive industries. Due to the lack of federal guidance for energy emergency preparedness and the expiration of the Federal Emergency Petroleum Allocation Act in 1981, the State must establish its own statutory basis for an emergency set-aside system.

Your Committee finds that a set-aside program for the control of a small portion of available fuels during a petroleum products shortage is essential for the maintenance of the health, safety, and welfare of the people of Hawaii. During the first six months of the 1973-74 shortage, Hawaii's federally authorized set-aside program avoided an estimated \$10 million potential loss in income and the probable failure of over 100 businesses.

Your Committee upon further consideration has amended the bill by deleting paragraph (3) of Section 125C-3, Hawaii Revised Statutes, found on page 6 of S.B. No. 267, H.D. 2, S.D. 1, which would permit the Governor or his authorized representative to:

"(3) Direct utilities to minimize petroleum consumption by contracting for all available power generated by non-regulated producers from non-petroleum sources."

Your Committee finds that because this provision does not address the matter of price to purchase power, the utility would be required to purchase power regardless of the price charged. Since this requirement would have serious economic implications on the utility as well as on the consumer, this provision has been deleted.

Your Committee has further amended the bill by renumbering the succeeding paragraphs in Section 4, on pages 6 and 7 to accommodate the deletion of paragraph 3.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 267, 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. 267, H.D. 2, S.D. 1, C.D. 1.

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

Senators Aki, Salling and A. Kobayashi,
Managers on the part of the Senate.

Conf. Com. Rep. 37-84 on H.B. No. 271

The purposes of this bill are to make permanent the advisory committee for each state functional plan and to add to the duties of the advisory committee the rendering of advice and assistance in implementing, monitoring, and updating the functional plan.

Under the Hawaii State Planning Act, the advisory committee which provides assistance and advice on the formulation of each state functional plan is to terminate after adoption of the plan by the legislature. Your Committee, however finds that formulation and adoption of a functional plan does not end the planning process under the Act. What is done with the functional plan is just as important as adoption of the plan, if not more so. Proper and effective implementation, monitoring, and updating of the functional plan by the lead agency requires the assistance and advice of concerned experts and private citizens. Thus, your Committee finds that the advisory committee for each functional plan should be made permanent if another advisory body which meets the criteria under the Act is not already established.

Your Committee has amended the bill by making a technical, nonsubstantive change.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 271, 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. 271, H.D. 1, S.D. 2, C.D. 1.

Representatives Andrews, Morgado, Kiyabu, Apo, Tom, Leong and Jones,
Managers on the part of the House.

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

Conf. Com. Rep. 38-84 on H.B. No. 1220

The purpose of this bill is to provide that recovery of costs to the prevailing party is allowed for deposition transcript originals and copies, and other incidental expenses, such as copying costs, local telephone charges, and postage. The bill further provides that in determining whether and what costs should be taxed, the court shall consider the equities of the situation and the economic status of the parties.

Under present law, only a portion of the actual expenses incurred by the successful party traditionally have been awarded by the courts. However, as technology becomes more advanced, litigation becomes more complex and more expensive. Parties have to make serious financial sacrifices to properly prepare for trial. It is the intent of your Committee to provide access to the courts by allowing certain expenses as taxable costs.

Your Committee upon further consideration has amended the bill by providing that intra-state travel expenses for witnesses and counsel and intra-state long distance telephone charges may be allowed in taxation of costs. Allowing these as costs will especially be beneficial to neighbor island businesses and residents.

Your Committee has further amended the bill by providing that the court shall consider equities of the situation such as economic status of the parties and the merits of the claims in determining whether and what costs should be taxed.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1220-84, 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. 1220-84, H.D. 1, S.D. 1, C.D. 1.

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

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

Conf. Com. Rep. 39-84 on S.B. No. 1450

The purpose of this bill is to specifically allow the chairperson of the Hawaii Paroling Authority to serve in that capacity for an additional two years, upon completion of his two consecutive four-year terms, and to allow that person to remain a member on the Hawaii Paroling Authority for no more than ten consecutive years.

The chairperson of the Hawaii Paroling Authority must be able to develop positive working relationships with a broad range of people and organizations and effectively administer the adjudicatory functions of the board. For example, he must be able to gain the respect of offenders, work closely with the administration and staff of the Corrections Division, and other criminal justice agencies in furtherance of their objectives. He must also be sensitive and responsive to the sentiments of the entire community.

Your Committee recognizes that it requires a great deal of time, effort, and patience for the chairperson to successfully cultivate these relationships and that his cumulative experience and continuity in office are critical to the effective functioning of the Hawaii Paroling Authority.

Qualified persons may be deterred from applying from that position because their length of tenure on the commission would not be sufficient to attract persons employed in secure careers.

Your Committee finds that the public interest is better served by extending the chairperson's term for a reasonable period, so long as efficiency is maintained. Such efficiency will be re-evaluated in the reappointment process. Further, an extended term will encourage greater numbers of qualified candidates.

Your Committee notes that the Hawaii Public Employment Relations Board, an adjudicatory body, provides for its board members to continue in office for as long as efficiency is demonstrated. The Public Utilities Commission members may serve for two six-year terms, or twelve consecutive years.

Accordingly, your Committee has amended S.B. No. 1450, S.D. 1, H.D. 1 to:

- (1) Extend the tenure of the chairperson of the Hawaii Paroling Authority for an additional two years. Thus, upon expiration of the chairperson's two consecutive four year terms, he could be reappointed for an additional term.
- (2) Extend the potential membership of the chairperson of the Hawaii Paroling Authority from ten to twelve years. This is consistent with the change in (1).
- (3) Provide that the limitations set forth in this bill shall apply to the previous experience of the incumbent chairperson.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1450, 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. 1450, S.D. 1, H.D. 1, C.D. 1.

Representatives Honda, Andrews, Hayes, Lardizabal and Medeiros,
Managers on the part of the House.

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

Conf. Com. Rep. 40-84 on H.B. No. 1796-84

The purpose of this bill is to clarify that the expenses and fees incurred by the Hawaii Housing Authority or its designee in arbitrating lease rent renegotiations pursuant to Chapter 519, Hawaii Revised Statutes, shall be paid equally by lessors and lessees.

Currently, the law provides that in the event parties to a lease are unable to achieve an agreement under any lease rent reopening provision, the Hawaii Housing Authority or its designee shall arbitrate and its findings shall be binding and conclusive. Although lease documents generally state that lessors and lessees shall be responsible for their pro-rata share of all costs incurred during any arbitration proceedings, the absence of specific language in the law may, and has been, misconstrued to mean that the State should bear the burden of all such expenses.

Specifically, the bill sets forth certain provisions for arbitration proceedings under subsections 519-2(b) and 519-3(b), Hawaii Revised Statutes, relating to residential leases and to leases of real property by cooperative housing corporations, respectively. Provisions of the bill include: collection of an advance deposit from lessors and lessees; monthly payments of expenses and fees; clarification of procedures for the allocation of arbitration costs in the event of more than one lessor or lessee to an arbitration proceeding; loss of certain rights and remedies by a party failing to comply with the provisions for payment; and a definition of "arbitration proceedings" to clarify the services to be paid for by lessors and lessees.

Your Committee upon further consideration has made clarifying amendments to paragraph (b) (1) of Sections 1 and 2 of S.D. 1, as follows:

(1) The phrase, "which amount shall be determined by the authority," is added to page 1, line 9 and page 3, line 20 of the bill following the words "An advance deposit", and the word "monthly" is deleted from those same lines;

(2) The phrase "of the authority or its designee for" is added to page 1, line 10 and page 3, line 21 of the bill following the words "expenses and fees", and the words "resulting from" are deleted from those same lines.

(3) The words "All additional" replace the words "In addition, all" on page 1, line 12 and page 3, line 23 of the bill;

(4) A period is inserted following the word "lessor" on page 1, line 15 and page 4, line 3 of the bill; the remainder of each sentence following said insertion is deleted; and a new sentence which reads as follows is inserted: "These additional expenses and fees shall be subject to monthly billings or other arrangements which may be specified by contract.";

(5) The following sentence, from page 2, lines 5 through 7 and page 4, lines 8 through 10, is deleted: "The advance payment will be subject to monthly billings or other arrangements which may be made by contract."; and

(6) A single hyphen was added to page 4, line 6 of the bill between the words "one" and "half" for purposes of consistency with the rest of the bill.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1796-84, 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. 1796-84, H.D. 2, S.D. 1, C.D. 1.

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

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

Conf. Com. Rep. 41-84 on H.B. No. 1799-84

The purpose of this bill is to amend Section 516-51, Hawaii Revised Statutes, to preclude an opposing or adverse party from introducing as evidence in any action brought under Chapter 516, Hawaii Revised Statutes, the offers, appraisals or other substances of negotiations after a leasehold tract has been designated for

conversion to fee simple and when these matters were not prepared for use in trial. It also provides for a moratorium on lease rent increases for privately owned residential houselots, to take effect upon passage of the bill through June 30, 1985, with an exemption from said moratorium, and with the provision of a renegotiation formula, for lessees required to renegotiate for financing purposes.

The intent of the first provision of the bill is to encourage open and honest discussions during preliminary negotiations for fee simple conversion by assuring lessors and lessees that information disclosed during these negotiations cannot be used against them in proceedings brought under Chapter 516, Hawaii Revised Statutes. The intent of the second provision of the bill is to place lessors and lessees "on hold" with regard to scheduled renegotiations in the coming year, except where renegotiations are required for financing purposes, while further study of the lease rent renegotiation issue takes place.

While there is merit to both aspects of the second provision, difficulties arise as to both. A statutory moratorium on residential lease rent increases appears to be unnecessary in light of the major lessors' agreement to voluntarily abide by such a moratorium in the absence of a statutory provision to that effect. Moreover, lessees, for whose benefit the moratorium was sought, through their representatives, took a position against the moratorium unless certain "safeguards" were incorporated into the bill. Further, your Committee was unable to arrive at a satisfactory resolution of the policy issues regarding providing a protective formula to limit the lease rent increases of a lessee group previously unaddressed in the lease rent renegotiation chapter, namely those lessees having to renegotiate their residential lease rents for financing purposes.

Given these and other concerns, your Committee has amended S.D. 1 to delete Sections 2, 3, and 4, pertaining to the findings and purpose for the aforementioned moratorium, to the provisions of said moratorium, and to a severability provision related to said moratorium. Your Committee has renumbered Sections 5 and 6 to Sections 2 and 3, accordingly.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1799-84, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1799-84, S.D. 1, C.D. 1.

Representatives Hirono, Apo, Baker, Chun, Hagino, Ige, Kiyabu, Leong, Morgado, Shito, Tam, Tom, Ikeda and Jones,
Managers on the part of the House.

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

Conf. Com. Rep. 42-84 on H.B. No. 1821-84

The purpose of this bill was to extend the Board of Chiropractic Examiners for another four years until December 31, 1988.

The bill provides that an applicant must provide evidence of having attended and graduated from a chiropractic college accredited by, any chiropractic accrediting agency recognized by the U.S. Department of Education.

Your Committee, upon further consideration, has amended the bill by amending the effective date to read: "October 15, 1984". Your Committee finds that, in order to be fair to applicants who are currently awaiting their acceptance letters and who may have spent much time and money in doing so, should be exempt from the aforementioned proposed accreditation standard. This will thereby, serve to exempt students who formally begin their chiropractic studies prior to October 15, 1984.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1821-84, 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. 1821-84, H.D. 1, S.D. 1, C.D. 1.

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

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

Conf. Com. Rep. 43-84 on H.B. No. 2597-84

The purpose of this bill is to amend Section 359G-4.1, Hawaii Revised Statutes, to permit the Hawaii Housing Authority ("HHA"), on behalf of the State or in partnership, to develop housing projects which are exempt from development and general plans adopted by the various counties. It also provides that the final plans and specifications of such HHA projects shall be deemed approved by a county's legislative body if the final plans and specifications do not substantially deviate from the preliminary plans and specifications.

With regard to the first provision of the bill relating to planning, it is the intent of Section 359G-4.1, Hawaii Revised Statutes, to provide an expedited process for government-assisted housing projects. To that end, a comprehensive exemption from laws, ordinances, and regulations of governmental agencies under certain conditions is warranted. Your Committee agrees with the previous findings of both Houses that to require that HHA projects undergo a duplicative and lengthy procedure in order to obtain a planning exemption is not consistent with the intent of the statute and that clarifying legislative intent by inserting the word "planning" into the litany of regulations from which HHA projects may be exempted is necessary to avoid misinterpretations regarding said intent.

With regard to the second provision of the bill relating to final plans and specifications, your Committee notes that it is inevitable that field conditions will necessitate minor changes in the plans as work progresses on any housing project, and that the bill recognizes this reality by allowing such minor changes without requiring the final plans and specifications to be reconsidered by the county legislative body.

Your Committee upon further consideration has amended Section 1, paragraph (a) of S.D. 1 to delete the comma after the word "development" on page 1, line 9. It was found that this was necessary to properly enumerate the types of rules and regulations from which HHA projects could possibly be exempted under Section 359G-4.1, Hawaii Revised Statutes. Said exemptions should be understood to read as follows: planning; zoning; construction standards for subdivisions; the development and improvement of land; and the construction of units thereon.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 2597-84, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2597-84, S.D. 1, C.D. 1.

Representatives Hirono, Say, Andrews, Kiyabu-Saballa, Okamura, Tam
and Ikeda,
Managers on the part of the House.

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

Conf. Com. Rep. No. 44-84 on H.B. No. 1933-84

The purpose of this bill is to provide needed improvements to the health planning and development law and add as a principle function of the state health planning and development agency (SHPDA) the responsibility for controlling increases in health care costs.

One of the most compelling problems facing our society is the high cost of health care. It now consumes more than ten per cent of the gross national product, and there is every reason to believe that if the trends of the last two decades continue, the share will grow larger to the detriment of economic development and social welfare expenditures.

Your Committee is being made aware of the urgent reasons to seek to control health care costs, whose rapid rise is so great as to disrupt society's resources and threaten to differentiate among economic classes as to the quality of care. Action on the part of the Legislature is a necessity and, even more, an obligation.

In the current national debate over health care cost control, recommendations for changes in health care financing fall into two groups: competitive and regulatory. Competitive strategies for the most part remain untried or, where they are proposed, are fiercely resisted by professional groups.

Regulatory strategies have a longer track record, but not a very satisfactory one. One of the oldest, health facilities planning and capital expenditure control, remains a subject of debate as to efficacy. Part of the reason for this is that the legislation which created health planning has diverse goals, including both capital expenditure control and improvement of access to health care services.

Hawaii's existing health planning and development law embodies this same confusion of goals, inasmuch as it is closely modeled on the national legislation. Your Committee has concluded that the operations of SHPDA will be improved by clearer statements of purpose in the law. This bill intends to accomplish the purpose of providing proper guidance on matters of cost control to SHPDA without doing violence to its existing structure.

Under this bill, the existing health planning law is amended to provide: (1) a new function of cost control as a principle duty of SHPDA, with additional authority to perform this function; (2) a requirement that SHPDA report annually to the legislature on methods of controlling health care costs; (3) a planning process that looks toward the economical delivery of health care; (4) new and more stringent criteria for the granting of certificates of need for health care services and facilities; and (5) elimination of existing lengthy and ill-understood certificate of need review criteria.

Your Committee upon further consideration has made the following amendments to H.B. No. 1933-84, H.D. 2, S.D. 2:

1) The appropriation for SHPDA has been increased to \$216,000 which will provide for five staff positions for SHPDA, to be filled effective October 1984, to enable SHPDA to implement the new functions and duties provided by this bill.

2) The definition of "physician" on page 6 of the bill, as received, has been amended to exclude from its coverage doctors of naturopathy licensed under Chapter 455, Hawaii Revised Statutes.

3) A typographical error has been corrected on page 18, line 7. "Requires" has been amended to "require".

This bill contains a provision requiring SHPDA to assess existing health care services and facilities to determine whether there are redundant, excessive, or inappropriate services or facilities and to make public findings of any that are found to be so; however, your Committee believes that SHPDA should have additional authority to institute corrective action in such cases. Your Committee was unable to agree on the manner in which this additional authority should be granted.

Therefore, it is the intent of your Committee that during the 1984 interim, SHPDA shall study and make recommendations of alternative ways of reducing or eliminating redundant, excessive or inappropriate facilities or services. To accomplish this, SHPDA shall consider at least the following: alternative programs that could be used to achieve these ends; new statutory authority necessary to implement the programs; criteria for making such decisions; and the appropriate process for making and implementing such decisions, alternatives for which include public hearings, an appeals process, and the use of SHPDA's advisory bodies.

Your Committee intends that SHPDA shall report its findings and recommendations to the Legislature at least ten days prior to the convening of the Regular Session of 1985.

Your Committee expects SHPDA to aggressively implement its new functions and duties and anticipates that future sessions of the Legislature will be enlivened by informed discussions of means to control relentlessly rising health care costs.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1933-84, 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. 1933-84, H.D. 2, S.D. 2, C.D. 1.

Representatives Kiyabu, Chun, Graulty, Tam, Wong, Yoshimura and Jones,
Managers on the part of the House.

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

Conf. Com. Rep. No. 45-84 on S.B. No. 328

The purpose of this bill is to prohibit discrimination by landlords who refuse to rent their units to parents with minor children. The bill, however, provides exemptions from this prohibition for (1) housing projects specifically developed for elderly persons sixty-two years of age or older, and (2) those condominiums and cooperative housing corporations whose bylaws, covenants, administrative provisions, organizational documents, or proprietary leases place restrictions based upon parental status.

With the current rental vacancy rate at less than 2 per cent, the problem of affordable housing, especially for low- to moderate-income households, is compounded by the unwillingness of many landlords to rent to parents with children. Data obtained from the rental guide and the classified ads for the period of May through August 1983 showed that of 524 listings in the rental guide, 248 allowed children and 276 had restrictions regarding children; of 314 listings in the classified ads, 153 allowed children, 114 had restrictions regarding children, and the remaining 47 had no pertinent information on this issue. This dilemma is amplified by the upward trend in the number of families headed by single parents, particularly single mothers who account for 13.2 per cent of Hawaii's families according to the 1980 census, who must rely on one income for all living expenses. Discriminatory practices severely restrict housing opportunities available to renter households, especially those in low- and moderate-income groups, and further compounds the housing problem in the State.

Your Committee upon further consideration has amended the date by which restrictions based on parental status specified in covenants, bylaws, or administrative provisions, or established under organizational documents and proprietary leases for housing cooperatives must be in existence. The September 1, 1984 date may have allowed condominiums and cooperatives which have no restrictions on children to amend their documents to discriminate against families with minor children. Your Committee has amended the date to April 19, 1984, the date of adjournment of the 1984 Legislature.

Your Committee also has made technical, nonsubstantive amendments.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 328, 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. 328, S.D. 1, H.D. 1, C.D. 1.

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

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

Conf. Com. Rep. 46-84 on S.B. No. 2212-84

The purpose of this bill is to authorize the Director of Health to take precautionary measures including actions to embargo, detain, or remove products from market, or declare a quarantine when a potential health hazard exists.

Following a recent Department-initiated recall of muffin and cake mixes contaminated with the pesticide ethylene dibromide (EDB), a national food conglomerate initiated litigation which questioned the Director of Health's authority to withhold a product from the market because of suspected health hazards. Your Committee finds that if the courts determine that the Director lacks this authority, the Director will be unable to protect the State from products known or suspected of being contaminated with a potentially harmful substance.

Your Committee finds that this bill addresses concerns regarding the heavy financial burden that product embargoes, detentions, and recalls place on local food processors by providing for a forty-eight hour period during which the Department of Health must either prove the existence of a health hazard or rescind its action on the product in question.

Upon further consideration, your Committee has amended the bill by providing that the Director of Health must find evidence of a health hazard within seventy-two hours of the imposition of the action taken, rather than forty-eight hours as provided in the bill as received, or rescind the action. Your Committee has further amended the bill by providing that the Director shall make the findings public. Your Committee finds that seventy-two hours is a more reasonable amount of time to allow the Department to complete its findings.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 2212-84, 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. 2212-84, S.D. 1, H.D. 1, C.D. 1.

Representatives Chun, Apo, Hirono and Ikeda,
Managers on the part of the House.

Senators Machida, Fernandes-Salling and George,
Managers on the part of the Senate.

Conf. Com. Rep. 47-84 on S.B. No. 2249-84

The purpose of this bill is to allocate the principal amount of the bonds which may be issued under the federal Mortgage Subsidy Bond Tax Act of 1980, or as the act may be amended, to the Hawaii Housing Authority (HHA). HHA shall have the authority to allocate to the counties, at their request, a certain percentage of the bond allocation provided that the counties shall use the allocation for specific new construction projects. The bill further provides that any bond allocation may be reassigned to HHA by the counties.

Although federal law has halted the issuance of mortgage subsidy bonds as of December 31, 1983, it is probable that the United States Congress will extend the Mortgage Subsidy Bond Tax Act of 1980 or enact similar legislation in 1984. It would be advantageous for Hawaii to have legislation in place which would allow the HHA and the counties to proceed immediately with mortgage bond programs that would assist Hawaii's homebuyers.

Your Committee upon further consideration has made the following amendments to S.B. No. 2249-84, S.D. 2, H.D. 2:

(1) Rather than assigning the entire bond allocation to the Hawaii housing authority with subsequent assignment to a county upon its request in an amount not to exceed specific percentages of the total allocation, the allocation of revenue bonds shall be as follows:

State of Hawaii (Hawaii housing authority)	50%
City and County of Honolulu	29%
County of Hawaii	10%
County of Kauai	4%
County of Maui	7%

(2) The requirement that the counties utilize their allocations for specific new construction projects has been amended to require the use of county allocations for new construction projects generally. Your Committee wishes to emphasize that this requirement for county allocations is to prevent the counties from duplicating the State's efforts under the Hula Mae program, and that this requirement does not apply to bonds issued by the Hawaii housing authority.

(3) The bill now states that the allocation formula will apply under any act with a similar purpose enacted by the U.S. Congress.

(4) A provision has been added to allow the HHA to request additional bond allocations from the counties or to assign to the counties all or part of the authority's allocation in addition to any other allocations assigned to the authority.

(5) The allocation provisions shall be placed within the Hawaii Revised Statutes rather than the Session Laws.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 2249-84, 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. 2249-84, S.D. 2, H.D. 2, C.D. 1.

Representatives Hirono, Kawakami, Apo, Bunda, Leong, Tam and Anderson,
Managers on the part of the House.

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

Conf. Com. Rep. 48-84 on H.B. No. 2418-84

The purpose of this bill is to amend certain provisions of Chapter 442, Hawaii Revised Statutes, relating to chiropractors' educational and licensing requirements.

The bill would: 1) require that all three professional members of the Board be graduates from different chiropractic colleges; 2) require that any person appointed to the Board to have been in practice in this State for at least five years immediately prior to the date of appointment; 3) require licensees utilizing physiotherapy modality to have requisite physiotherapy training and be examined and passed by the Board; 4) provide terminology for the limitation, restriction and probation of a license; and 5) require any person making application for reinstatement or restoration of a license which has been revoked, suspended, restricted, limited, or placed under probation to complete such study or training as the board may require.

Your Committee, upon further consideration, has amended the bill by inserting language which would promote continuing education requirements, in order to encourage professional competence of licensees and to aid in the protection of the public. Accordingly, the following sections have been amended:

1) section 442-5, Hawaii Revised Statutes, on page 2, line 21, has been amended to read as follows:

"...duties[.] ; promulgate by rule continuing educational requirements for reregistration of licenses designed to promote the continuing professional competence of licensees and protection of the public.";

2) New section 442-9(c), Hawaii Revised Statutes, on page 8, line 17, has been amended to read as follows:

"...granted, to complete an approved course of continuing education or to...";

3) section 442-11, Hawaii Revised Statutes, has been amended by inserting the following new language on page 11, line 4, between the words "\$15." and "The":

"If the board has established continuing education requirements for re-registration, no person holding a license shall be reregistered unless proof of compliance with the requirements is submitted to the secretary."; and

4) the following new language has been inserted on page 11, line 13, between the words "with" and "a":

"proof of compliance with the continuing education requirements, if any, and".

Your Committee, has also amended the bill by deleting language which would require all three professional members of the Board to be graduates of three different chiropractic colleges.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 2418-84, 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. 2418-84, H.D. 1, S.D. 1, C.D. 1.

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

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

Conf. Com. Rep. 49-84 on H.B. No. 2169-84

The purpose of this bill is to authorize the Governor of the State of Hawaii to request, pursuant to section 103(e) of the Internal Revenue Code, that the Hawaii Educational Loan Marketing Corporation (HELMAC) be organized and operated as a private not-for-profit corporation to be affiliated with the United Student Aid Funds, Inc., for the exclusive purpose of acquiring educational loan notes incurred under the federal Higher Education Act of 1965 to provide a secondary market for investments in such student loans.

Your Committee finds that currently, rising post-secondary educational costs make obtaining a post-secondary education financially difficult for students. It is important that students be provided continuing access to adequate sources of low-interest loans under the guaranteed loan programs of the Higher Education Act of 1965.

Your Committee further finds there is an immediate need to provide liquidity for lending institutions offering student loans in Hawaii. At the moment, many Hawaii lending institutions find illiquidity a problem because of the unique nature of student loans. This bill would alleviate the problem by allowing a private not-for-profit corporation to issue tax exempt obligations and to use the proceeds of the sale of such obligations to purchase student loan contracts from lending institutions, thus releasing more money for students.

Your Committee believes that the establishment of a local private not-for-profit corporation, organized and operated for the exclusive purpose of acquiring educational loan notes, is in the best public interest and would serve to benefit both students and the lending community in Hawaii.

Your Committee, upon further consideration, has amended the bill by substituting the phrase "is hereby authorized to" in place of the word "may" on page 3, line 19.

Your Committee agrees that before HELMAC is allowed to issue tax exempt obligations in an amount not to exceed \$20,000,000 at any time, the issuance of that debt by HELMAC is also subject to the approval of the legislature and to the approval of the governor and to the director of finance not more than 60 days prior to the sale of that debt.

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

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 2169-84, 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. 2169-84, H.D. 2, S.D. 2, C.D. 1.

Representatives Hagino, Kawakami, Apo, Menor, Morgado, Wong and Dang,
Managers on the part of the House.

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

Conf. Com. Rep. 50-84 on H.B. No. 2075-84

The purpose of this bill is to provide an administrative procedure by which the public may appeal a determination to the Environmental Council that an Environmental Impact Statement (EIS) is or is not required without filing suit.

Your Committee upon further consideration has amended H.B. 2075-84, H.D. 1, S.D. 1, to clearly define the Environmental Council's decision of an appeal of whether an EIS is or is not required. Wording has been reinserted which clarifies the fact that the Environmental Council's decision is binding, while confirming the judicial appeals process under Section 342-7. The following amendment has been inserted in Section 2, page 2, line 7, and page 4, line 11 of H.B. 2075-84, H.D. 1, S.D. 1:

The person or agency appealing the determination and the agency which prepared the assessment shall abide by the council's decision subject to judicial appeal under Section 342-7.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 2075-84, 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. 2075-84, H.D. 1, S.D. 1, C.D. 1.

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

Senators Machida, Fernandes-Salling and George,
Managers on the part of the Senate.

Conf. Com. Rep. 51-84 on H.B. No. 2028-84

The purpose of this bill was to strengthen and clarify the law on practicing psychology in the State of Hawaii.

Your Committee, upon further consideration, has amended the bill by deleting all of the sections with the exception of a portion of section 9. Specifically, the language "meets the requirements set forth in paragraphs (1) and (2), or (3), and (4):" has been inserted following the word "applicant". Your Committee notes that this language was inadvertently deleted from section 465-7, Hawaii Revised Statutes, by the enactment of Act 95.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 2028-84, 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. 2028-84, H.D. 1, S.D. 1, C.D. 1.

Representatives Shito, Kiyabu, Kawakami, Kim, Tom, Yoshimura and Ikeda,
Managers on the part of the House.

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

Conf. Com. Rep. 52-84 on H.B. No. 1784-84

The purpose of this bill is to require motor vehicle repair dealers to be registered before advertising.

It has come to the attention of the Motor Vehicle Repair Industry Board that unlicensed repair dealers have been advertising. This bill will curb the unlicensed repair dealers from advertising and making it unlawful to advertise without being licensed.

This bill also provides for the inclusion of rebuilt motor vehicle repairers to be within the purview of Chapter 437B, Hawaii Revised Statutes.

Your Committee, upon further consideration, has deleted section 2 of the bill, in light of pending legislation which proposed to regulate the rebuilding and restoration of wrecked motor vehicles.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1784-84, 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. 1784-84, H.D. 1, S.D. 1, C.D. 1.

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

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

Conf. Com. Rep. 53-84 on H.B. No. 1912-84

The purpose of this bill is to amend Title 26, Hawaii Revised Statutes, by adding a new chapter which regulates the health club industry.

Recently, the closing of various health club facilities has imposed financial hardships upon consumers and health clubs within the State. Existing statutory provisions are inadequate to address the problem or correct and prevent abuse or violations of a health club contract.

Your Committee, upon further consideration has made the following amendments:

(1) The words "whose principal purpose is" has been deleted from the definition of the term "health clubs";

(2) Exemption (7) on page 3, line 9, has been amended from thirty per cent to thirty-five per cent; and

(3) A new section (c) has been inserted, on page 5, line 2. This new language provides the consumer the means of establishing that the contract was timely canceled.

Your Committee notes that the statement of the escrow account to be furnished to the buyer shall be a blanket escrow account statement.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1912-84, 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. 1912-84, H.D. 2, S.D. 1, C.D. 1.

Representatives Shito, Kawakami, Honda, Kim, Morgado, Wong and Ikeda,
Managers on the part of the House.

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

Conf. Com. Rep. 54-84 on H.B. No. 1946-84

The purpose of this bill is to appropriate \$175,000 or so much thereof as may be necessary for fiscal year 1984-1985 for personal care services for persons eligible for medical assistance.

Your Committee finds that the provision of in-home services such as personal care services enables disabled and elderly persons to maintain relatively independent lifestyles and retain their dignity while at the same time avoiding unnecessary and costly institutionalization, usually at public expense.

Your Committee has amended this bill by settling the amount of the appropriation at \$500,000. Of this amount, your Committee has further specified that \$475,000 is to be expended by the Department of Social Services to serve persons eligible for medical assistance, while \$25,000 is to be expended by the Executive Office on Aging to serve persons not eligible for medical assistance. In this way, your Committee intends that as many of these persons requiring personal care services be served as possible within the limits of the appropriation.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1946-84, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1946-84, S.D. 2, C.D. 1.

Representatives Ige, Kiyabu, Apo, Chun, Leong, Morgado 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. 55-84 on H.B. No. 1816-84

The purpose of this bill was to extend the repeal date of the Board of Dental Hygienists for another four years to December 31, 1988.

Your Committee, upon further consideration, has amended the bill to extend the repeal date of the Board of Dental Hygienists for another six years to December 31, 1990, rather than for four years.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1816-84, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1816-84, S.D. 1, C.D. 1.

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

Senators Cobb, Fernandes-Salling and Henderson,
Managers on the part of the Senate.

Conf. Com. Rep. 56-84 on S.B. No. 934

The purpose of this bill is to establish statutory guidelines for the handling and retention of medical records.

Your Committee finds that current laws are silent on the question of how long medical records must be retained and the manner in which such records are to be handled. This issue concerns health care providers who currently retain voluminous amounts of patient records for fear that destroying them may result in liability for malpractice, recognizing that a person's medical history can play an important part in diagnosing and treating present ailments.

This bill addresses the problem by: 1) requiring the retention of medical records for a period of seven years after the last data entry, except for minors; 2) specifying that records may be computerized or photographically reduced to facilitate storage; 3) allowing the destruction of records after the seven-year retention period or minification as long as basic information is retained; and 4) providing for cases where a health care provider is succeeded by another or ceases activity.

Upon further consideration, your Committee has amended the bill as follows:

(1) Page 2, line 15 of H.D. 1: deleted the word "unalterable" and inserted the word "unaltered". Your Committee acknowledges that no record is unalterable, and that the intent of this provision is that a medical record must be computerized or minified in its exact, original form without alteration.

(2) Page 2, line 21 of H.D. 1: added the word "the" after the word "after".

(3) Page 3, line 12 of H.D. 1: deleted the word "reports" and inserted the word "results".

(4) Page 3, lines 16-20 of H.D. 1: deleted the requirement that when a health care provider ceases activity without a successor, the medical records be mailed to patients at their last known address and substituted therefor a provision requiring the Department of Health to adopt rules for the disposal of records in such situations.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 934, 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. 934, S.D. 1, H.D. 1, C.D. 1.

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

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

Conf. Com. Rep. 57-84 on H.B. No. 2203-84

The purpose of this bill is to require that all storage water heaters sold or installed in Hawaii after December 31, 1984, meet the energy efficiency standards of the American Society of Heating, Refrigerating and Air Conditioning Engineers, Incorporated (ASHRAE), Standard 90. Currently, some county building codes require water heaters with energy efficiency standards equivalent to ASHRAE standards. But, sale of nonconforming water heaters may be installed to replace old water heaters since no building permit is required for existing structures.

Your Committee upon further consideration has made the following amendments to H.B. No. 2203-84, H.D. 2, S.D. 1:

1) The last day to sell water heaters not complying with ASHRAE 90 Standards is changed from December 31, 1984 to June 1, 1985 to allow retailers and wholesalers enough time to sell out all noncompliance water heaters before the last day to sell.

2) The bill has been amended to allow Hawaii wholesalers to sell noncomplying hot water heaters out of state.

3) Wording has been added so that retailers and wholesalers cannot purchase more stock of non-compliance water heaters after the law is enacted.

New subsection (a) of the new section to be added to Chapter 196, Hawaii Revised Statutes, appropriately designated as set forth in Section 1 of the bill is amended to read as follows:

"No new storage hot water heater which is not certified as meeting the energy efficiency standards of the American Society of Heating, Refrigerating and Air Conditioning Engineers, Inc., as set forth as the current ASHRAE 90 Standard, shall be sold or installed in the State after June 1, 1985; provided, however, that nothing contained herein shall prevent sales from being made in the State for use outside the State. Upon effective date of this Act, no retail seller or distributor shall increase their inventory of storage hot water heaters which are not certified as being in compliance with the current ASHRAE 90 Standard, and all storage hot water heaters sold after June 1, 1985 shall be certified by the manufacturer, or the retailer, or both, as being in compliance with the current ASHRAE 90 Standard."

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 2203-84, 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. 2203-84, H.D. 2, S.D. 1, C.D. 1.

Representatives Okamura, Bunda, Crozier, Kiyabu-Saballa,
Menor, Nakata and Isbell,
Managers on the part of the House.

Senators Aki, Fernandes-Salling and A. Kobayashi,
Managers on the part of the Senate.

Conf. Com. Rep. 58-84 on S.B. No. 2026-84

The purpose of this bill is to add a new part to chapter 708 of the Penal Code relating to Computer Crime. The bill sets forth definitions for relevant terms and establishes two separate offenses pertaining to computer crimes: computer fraud and unauthorized computer use. Each offense is further classified into degrees with respective penalties for each degree of the offense.

A person commits the offense of computer fraud where he accesses or causes to be accessed any computer, computer system, computer network, or any of its parts:

- 1) with the intent to devise or execute any scheme or artifice to defraud;
- 2) with the intent to obtain money, property, or services by means of embezzlement or false or fraudulent representations; or
- 3) with the intent to obtain unauthorized information concerning the credit

information of another person or who introduces or causes to be introduced false information into that system or network with the intent to wrongfully damage or wrongfully enhance the credit rating of any person.

A person commits the offense of unauthorized computer use where he intentionally and without authorization accesses, alters, damages, or destroys any computer, computer system, computer network, computer program, computer software, or any data stored therein. The monetary amount set forth under this offense reflect the market value of the computer, computer system, computer network, computer program, computer software, or any data stored therein.

Your Committee finds that as technical capabilities and the level of resources available to individuals become more advanced, computer related crimes are becoming a significant problem for government and the private sector. The opportunities are great for computer related crimes in financial institutions, government programs, government records, and other business enterprises through the introduction of fraudulent records into a computer system, the unauthorized use of computer facilities, the alteration or destruction of computerized information or files, and the stealing of financial information data and other assets.

According to statistics, the average "white collar" embezzlement nets less than \$30,000, while the average computer crime is estimated to net in excess of \$600,000. Existing laws have proven inadequate to effectively prosecute or deter computer crimes.

Your Committee upon further consideration has made the following amendment to S.B. No. 2026-84, S.D. 1, H.D. 1:

(1) In page 5, lines 11-13: The language in the penalty provision has been changed to allow the court to impose either the statutory fine or double damages irrespective of whether terms of imprisonment are imposed.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 2026-84, 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. 2026-84, S.D. 1, H.D. 1, C.D. 1.

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

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

Conf. Com. Rep. No. 59-84 on S.B. No. 1766-84

The purpose of this bill is to provide rules and standards for motor vehicles weighing less than 10,000 pounds used in the transportation of pupils of a day care center, child care facility, headstart program, and preschool, or of school athletes and school athletic staffs to and from school related athletic activities.

Currently, to comply with the recommendations of the National Safety Board, which have been adopted by the Department of Transportation (DOT), day care centers, child care facilities, headstart programs and preschools are required to purchase a federally approved vehicle, which costs in excess of \$30,000. Given the tight fiscal constraints under which most of these centers and facilities operate, the capital expense involved in such a vehicle purchase would be prohibitive. The National Transportation Safety Board recommendations, however, took into account factors such as ice, snow, and distance which do not affect driving safety conditions in Hawaii. Purchasing a vehicle costing in excess of \$30,000, would result in organizations cancelling excursions, which are an important component of a curriculum that seeks to adequately prepare children for entrance into a school setting.

Your Committee agrees that it is necessary to provide safe transportation for Hawaii's children and that it is important to establish vehicle safety rules that may be feasibly implemented by the aforementioned organizations.

Your Committee has amended the bill by allowing the DOT to adopt rules and standards for school buses and vans weighing less than 10,000 pounds, and by establishing interim rules until the adoption of DOT rules.

Specifically, the bill has been amended by deleting the proposed new subsection (c) of section 286-181, which would have established rules for school vehicles weighing less than 10,000 pounds based on standards used for vehicles engaged in transporting persons on public highways in furtherance of a commercial or educational enterprise (P.U.C. regulations). These rules are the basis of the interim rules to be utilized until the DOT adopts its rules and standards. The interim rules, which are set forth in section 3 of the conference draft, also specify that buses and vans shall be properly identified with the words "SCHOOL BUS", that bus and van drive shafts be protected by metal guards, and that certain other safety concerns are to be governed by DOT rules. The interim rules also allow affected organizations two years to comply with vehicle color requirements.

Your Committee has also amended the bill by making nonsubstantive changes for the purposes of clarity and conformance with recommended drafting style.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1766-84, 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. 1766-84, S.D. 1, H.D. 1, C.D. 1.

Representatives Taniguchi, Hashimoto, Ige, Graulty, Leong,
Say and Dang,
Managers on the part of the House.

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

Conf. Com. Rep. 60-84 on H.B. No. 2006-84

The purpose of this bill is to increase from \$3 to \$3.50 the amount of the fine levied against violators of those statutes relating to vehicles or their drivers or owners, as provided in section 286G-3 of the Hawaii Revised Statutes.

Under present law, a fine of \$3 is levied on each violation in addition to any fine imposed by the court. The amount is transmitted for deposit in the driver education and training fund.

Your Committee finds that the driver education and training program has grown substantially in the number of participants in recent years, especially in the referrals of drunk driving violations. It is currently operating at a slight deficit.

Your Committee upon further consideration finds that an increase of the fine to \$5 would generate a more adequate amount for the Judiciary to cover the current and anticipated budget deficit of the driver education and training fund.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 2006-84, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2006-84, S.D. 1, C.D. 1.

Representatives Stanley, Crozier, Andrews, Bunda, Lardizabal,
Tam and Medeiros,
Managers on the part of the House.

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

Conf. Com. Rep. 61-84 on S.B. No. 1729-84

The purpose of this bill is to amend sections 602-8 and 602-53, Hawaii Revised Statutes, to provide that the Supreme Court and the Intermediate Appellate Court shall be in continuous session.

Under present law, the annual term for both the Supreme Court and the Intermediate Appellate Court begins on the first Monday in October and continues until adjournment or until the next term begins.

Your Committee finds that the Supreme Court and the Intermediate Appellate Court have been in continuous session for several years due to their large number of cases. The provisions of this bill would conform the statutes to what has become the practice in the courts.

Your Committee amended the bill to correct a drafting error in the present law: on page 1, line 11, the words "making motions or" are deleted, and the word "issuing" is inserted because neither the Supreme Court nor the Intermediate Appellate Court makes motions. The courts instead issue orders based upon motions.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1729-84, 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. 1729-84, S.D. 1, H.D. 1, C.D. 1.

Representatives Stanley, Honda, 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. 62-84 on S.B. No. 761

The purpose of this bill is to reschedule methaqualone, commonly referred to as quaaludes, from a Schedule II to a Schedule I controlled substance, under Section 329-14, Hawaii Revised Statutes.

Your Committee finds that there has been widespread abuse of methaqualone which has resulted in numerous deaths and overdose cases throughout the country. As a result, several states have enacted legislation to reschedule methaqualone to Schedule I in order to provide more stringent penalties against its illegal distribution and consumption.

Your Committee has amended the bill by correcting a technical error which resulted in the bill being designated as S.B. No. 761, S.D. 1, H.D. 1, as received by your Committee, when in fact there is no S.B. 1 version, and by adding quotes at the beginning of Section 2 of the bill.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 761, 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. 761, H.D. 1, C.D. 1.

Representatives Chun, Stanley, Apo, Tom and Ikeda,
Managers on the part of the House.

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

Conf. Com. Rep. 63-84 on S.B. No. 1575-84

The purpose of this bill is to clarify and update several statutory provisions relating to the regulation of child care facilities and to establish policies for public access to records relating to child care facilities.

Recent unfortunate occurrences, here and on the mainland, have underscored the importance of appropriate regulatory controls to assure the health, safety and welfare of young children in child care facility environments. The fact that the State licenses child care centers and baby sitting facilities means that government assumes a responsibility for safeguarding young children from potential harm. Given the variety and number of facilities involved and the thousands of children in this State that parents entrust to others daily, the State's responsibility must be effectively fulfilled. There must be continuing confidence that the State is regulating in a way and in areas where reasonable protection is being provided to children. However, State regulation must not be so onerous as to raise child care costs beyond the reach of parents or discourage qualified persons from providing needed services.

Your Committee believes that at a time when the public has a heightened awareness and concern over the welfare and safety of children in all settings, it is timely to review the child care regulatory program from a broad perspective with the objective of developing policies to improve regulation. Therefore, your Committee requests the Legislative Auditor to assist the Legislature by conducting a study of the legal framework governing the program, the current scope and

emphasis of regulation, procedures to assure that those who care for young children do not have criminal records indicating potential danger to children, and other aspects to improve the program. The Legislative Auditor is further requested to submit a report of the findings and recommendations to the 1985 Regular Session.

In addition, your Committee believes that there should be further analysis of the need for an information and referral system for child care services. Such a system could provide an efficient means for parents and others to obtain timely information indicating which child care facilities have vacancies in particular communities, which facilities provide care for children after school, etc. Services might also include a training or education component to assist providers in keeping up with developments in child care and to help parents and guardians select child care facilities for their children. The Office of Children and Youth is requested to conduct an analysis as to whether an information and referral system is needed and, if so, to develop a preliminary design as to how such services will be delivered, the organizational arrangements, and the resources required. The analysis and preliminary design are to be submitted to the Legislature for its consideration in the 1985 Regular Session.

Upon further consideration, your Committee has amended the bill as follows:

(1) Section 2, pertaining to the definition of "child care facilities", has been amended to delete references to "in-kind compensation" and to make clarifying language changes in the description of types of facilities included in the definition.

(2) Section 8, relating to records which child care facilities and the Department of Social Services and Housing are required to maintain, has been amended as follows:

(A) Information maintained at child care facilities concerning individual children and their parents or relatives shall continue to be confidential.

(B) In addition to maintaining records pertaining to the results of licensing inspections, complaints that allege violation of child care facility rules, the results of investigations, and the resolution of complaints, the department shall also maintain records of notifications to licensees of deficiencies and of corrective action taken. These records are to be maintained for the current year and the prior two years and are to be available for public inspection.

(C) Concerning the records of home baby sitters, sensitive personal information or information provided to the department with the understanding that it would not be publicly divulged shall be obliterated or deleted prior to making the records available to the public. It is expected that the clerical problem of having to obliterate or delete confidential material will be corrected as the department proceeds to redesign its forms and procedures to avoid the inclusion of confidential information on records which are required to be made public.

(D) The department is not to divulge the names or identifying information on individuals who file complaints against child care facilities.

(E) The department may withhold information on a complaint for which an investigation is being conducted for not more than ten working days. However, in the case of investigations relating to criminal offenses, no information is to be released until the investigation is completed and the Director of Social Services determines that no legal proceeding shall be jeopardized by its release. This is to assure that in serious criminal cases such as rape or sexual molestation, disclosure of aspects of the investigation will not hinder subsequent prosecution.

Your Committee has further amended the bill to make technical and language changes for purposes of clarity and style which have no substantive effect.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1575-84, 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. 1575-84, S.D. 1, H.D. 1, C.D. 1.

Representatives Ige, Hashimoto, Apo, Hee, Leong and Ikeda,
Managers on the part of the House.

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

Conf. Com. Rep. 64-84 on H.B. No. 2257-84

The purposes of this bill are to permit the Department of Health to provide secondary prevention programs in child abuse and neglect, and to serve as the lead agency for programs which provide for a coordinated range of child abuse and neglect prevention services.

In recognition of the importance of the prevention services, this bill requires the Department of Health to serve as the lead agency for programs which provide for a coordinated range of child abuse and neglect prevention services, which are intended to include both primary and secondary prevention programs. The Department's prevention programs are to be coordinated with available treatment services to minimize duplication and promote efficiency and effectiveness.

The bill also establishes an advisory committee to provide advice to the Department of Health on the implementation of the secondary prevention programs.

Upon further deliberation on the points of disagreement between the House and the Senate, your Committee has made the following amendments to this bill:

(1) On page 4, lines 12 and 13, the words "social services" have been deleted to remove an unintended restriction of representatives of health agencies from the membership of the proposed committee.

(2) On page 4, line 19, the word "commission" has been corrected to "committee" to correct a typographical error.

(3) On page 5, line 19, the new role of the Department of Health has been amended to specify that it shall ". . . serve as the coordinating agency for programs which provide for a range of child abuse and neglect prevention services . . ." This provides greater clarity as to the Department's intended role, rather than designating it as the "lead" agency as originally provided.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 2257-84, 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. 2257-84, H.D. 2, S.D. 2, C.D. 1.

Representatives Ige, Chun, Kiyabu, Hirono, Morgado and Jones,
Managers on the part of the House.

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

Conf. Com. Rep. No. 65-84 on S.B. No. 2184-84

The purpose of this bill is to clarify the rights of lessees holding geothermal mining leases issued by the State and the respective roles of the State and county governments in connection with the control of geothermal development within geothermal resource subzones.

Act 296, Session Laws of Hawaii 1983, established a process for the Department of Land and Natural Resources to designate geothermal resource subzones prior to geothermal development. This process is presently underway, but is not expected to be completed for another nine months. This means a delay in development of geothermal resources for companies which have already drilled wells and may result in their withdrawal from geothermal development.

This bill specifically designates as geothermal resource subzones, any area of land within an agricultural district covered by a geothermal mining lease approved by the Board of Land and Natural Resources (BLNR), any part or all of which area is the subject of a special use permit issued by the county for geothermal development activities, on or before the effective date of this bill.

This bill further specifies that if geothermal development activities are proposed within an agricultural, urban or rural district, but such development is not a permitted use under the applicable county general plan and zoning ordinances, the appropriate county authority is required to conduct a public hearing and, upon appropriate request, a contested case hearing pursuant to chapter 91, Hawaii Revised Statutes, to determine if the granting of a geothermal resource permit would not result in unreasonable adverse effects or burdens.

This bill further provides that if geothermal activities are proposed within a conservation district, the BLNR is required to conduct a public hearing and upon an appropriate request, a contested case hearing pursuant to Chapter 91, Hawaii Revised Statutes, to determine whether a conservation district use permit shall be granted to authorize geothermal development activities applied for.

Your Committee amended the bill by inserting language in section 205-5.1, Hawaii Revised Statutes, to specify that if geothermal development activities are permitted in agricultural, rural or urban districts under the county general plan and zoning ordinance, the appropriate county authority shall conduct a public hearing and upon an appropriate request, a contested case hearing, pursuant to Chapter 91, Hawaii Revised Statutes, to determine if specific requests for approval of geothermal development activities would not result in unreasonable adverse effects or burdens.

Your Committee finds that the development and use of Hawaii's geothermal energy resources is of critical importance to the energy security of this State, and important to its economic future. Geothermal energy represents a realistic option in the near future for a major source of baseload power, locally produced in an environmentally acceptable manner. Significant progress has been made by the three developers in the State who have committed considerable financial resources to their efforts, and who have demonstrated their concern for conducting their activities in a responsible way.

Your Committee further amended the bill by making technical changes to conform to recommended drafting format and which have no substantive effect.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 2184-84, 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. 2184-84, S.D. 1, H.D. 1, C.D. 1.

Representatives Say, Okamura, Andrews, Apo, Kawakami, Matsuura
and Dang,
Managers on the part of the House.

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

Conf. Com. Rep. 66-84 on S.B. No. 1744-84

The purpose of this bill is to extend the existence of the Board of Medical Examiners to December 31, 1990, and to amend the current three-year residency training requirement for foreign medical graduates to two years.

Your Committee concurs with the existing provisions of S.B. No. 1744-84, S.D. 1, H.D. 1, and has made no amendments thereto. However, your Committee has amended S.B. No. 1744-84, S.D. 1, H.D. 1, to include additional amendments as follows:

(1) Amend Chapter 453, Hawaii Revised Statutes, to include a new section which (a) requires the certification of persons practicing medicine under the supervision of a physician, (b) sets forth the procedures for such certification; and (c) requires the Board of Medical Examiners to establish the degree of supervision required by supervising physicians of physician assistants.

(2) Amend Chapter 453, Hawaii Revised Statutes, to include a new section which sets forth the requirement and procedures by which the Department of Commerce and Consumer Affairs shall review complaints and information received under Sections 92-17, 329-44, 453-8.7, 663-1.7, 671-5 and 671.15, Hawaii Revised Statutes. In addition, the amended bill amends Sections 329-44, 453-8.7, 663-1.7, 671-5, and 671-15, Hawaii Revised Statutes, to require that, peer review committee adverse decisions, insurance reports on medical tort cases and convictions of physician for violations of medicine and surgery laws be transmitted to the Department of Commerce and Consumer Affairs.

(3) Amend Chapter 453, Hawaii Revised Statutes, to include two new sections which permit the temporary certification of emergency ambulance personnel and requires the Board of medical Examiners to establish an emergency medical services committee to assist in the performance of the Board's duties with respect to emergency medical services.

(4) Amend Section 321-227, Hawaii Revised Statutes, to delete the requirement that the Department of Health provide for certification of emergency medical services personnel in the absence of certification under Chapter 453, Hawaii Revised Statutes.

(5) Amend Section 321-229, Hawaii Revised Statutes, to provide that the Department of Health's life support and advance life support training programs shall be relevant to and consistent with the training course required for certification under Chapter 453, Hawaii Revised Statutes.

(6) Amend Section 453-2, Hawaii Revised Statutes, to (a) make reference to persons certified under part ii of chapter 453, Hawaii Revised Statutes, instead of "physician-support personnel"; and (b) delete the provision that the Board of Medical Examiners shall promulgate rules regarding standards of medical education and training governing physician-support personnel and physician assistants.

(7) Amend Section 453-3, Hawaii Revised Statutes, to require the Board of Medical Examiners to establish guidelines to determine areas with an absence or shortage of physicians, where physicians with temporary licenses may practice.

(8) Amend Section 453-5, Hawaii Revised Statutes, to require the employment of an employee by the Department of Commerce and Consumer Affairs to administer the Medical Claims Conciliation Panel and to require that the Board of Medical Examiners hold its meeting in public places and shall comply with Chapter 92, Hawaii Revised Statutes.

(9) Amend Section 453-8.5, Hawaii Revised Statutes, to require that members of the Medical Advisory Committee serve as consultants to the Department of Commerce and Consumer Affairs for investigations.

(10) Amend Section 453-17, Hawaii Revised Statutes, by amending the procedure for subpoena of adverse decision reports by allowing for the subpoena of evidence other than patient records and by deleting the reference to the Board of Medical Examiners.

(11) Amend Section 453-31, Hawaii Revised Statutes, to require the Board of Medical Examiners to define the scope of the practice of emergency medical services, the different levels of practice and the degree of supervision required of a supervising physician.

(12) Amend Section 453-22, Hawaii Revised Statutes, to establish a uniform method of certifying persons as qualified in emergency medical services by requiring the Board of Medical Examiners to use the certification standards of the National Registry of Emergency Medical Technicians.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1744-84, 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. 1744-84, S.D. 1, H.D. 1, C.D. 1.

Representatives Shito, Kawakami, Andrews, Honda, Graulty,
Wong and Isbell,
Managers on the part of the House.

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

Conf. Com. Rep. 67-84 on S.B. No. 2056-84

The purpose of this bill is to expand the exemption provisions of Chapter 462A, Pilotage, Hawaii Revised Statutes, to include fishing vessels licensed or enrolled under the laws of the United States of America.

Your Committee, upon further consideration, has made the following amendments to the bill as received:

1. On page 1, line 5, the phrase "licensed or enrolled under" was deleted and replaced with the words, "required by".

2. On page 1, lines 6 and 7, the phrase "engaged in trade between ports of

the United States of America;" was deleted and replaced with new language to read, "to be under the direction and control of a federally licensed pilot".

3. On page 1, lines 12 and 13, the new paragraph (4) is amended to read: "Fishing vessels that have been issued a fishery license or appropriately endorsed registry under the laws of the United States of America", to clarify the bill's intended purpose.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 2056-84, 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. 2056-84, S.D. 1, H.D. 1, C.D. 1.

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

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

Conf. Com. Rep. 68-84 on S.B. No. 1867-84

The purpose of this bill was to amend the Horizontal Property Regimes Act.

Specifically, the bill provides for separate metering of utilities; deletes the requirement that at least one-third of the directors' terms expire annually; clarifies that no director may vote at any board meeting on any issue on which the director has a conflict of interest; establishes procedures for the use of proxies at association meetings; clarifies the requirements for improvements to condominium projects; relieves condominium associations of the responsibility for certain arrearages on apartments voluntarily transferred to new owners; and amends the caption and text of Section 514A-92, Hawaii Revised Statutes, to clarify its intended purpose.

Your Committee upon further consideration amended the bill on page 2, lines 17 and 18, of the Conference Draft, to substitute the phrase "two business days" for the phrase "one business day". The effect of the change is to require proxies for association meetings to be delivered to the secretary of the association of apartment owners at least two business days, rather than one business day, prior to the meeting.

Your Committee further amended the bill by deleting entirely Section 2, which proposed to amend Section 514A-82, Hawaii Revised Statutes, and appropriately renumbering the other sections of the bill. The proposed changes to the law which have thereby been deleted from this bill would (1) repeal the requirement that the terms of at least one-third of the directors of a condominium's owners association expire annually; (2) add a provision specifying that the initial term of directors shall be for three years unless otherwise specified in by-laws; (3) prohibit a director from voting at board meetings on issues which the director has a conflict of interest; and (4) restrict solicitation and use of proxies by resident managers and directors. The amendment was made because S.B. No. 2085-84, S.D. 1, H.D. 1, also proposes to amend Section 514A-82 and the provisions described above have been added to the Conference Draft version of that bill.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1867-84, 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. 1867-84, S.D. 1, H.D. 1, C.D. 1.

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

Senators Cobb, Fernandes-Salling and Henderson,
Managers on the part of the Senate.

Conf. Com. Rep. 69-84 on S.B. No. 1693-84

The purpose of this bill is to provide consumer safety by regulating the rebuilding and restoration of wrecked motor vehicles.

Specifically, this bill would: 1) authorize issuance of a salvage certificate upon certain conditions; 2) require that a bond be posted before work may be done on a salvage vehicle; 3) define a "rebuilt vehicle"; 4) require a vehicle that has been determined by an insurer to be unsafe or been rebuilt or restored be certified before it may be operated; 5) require that the application for registration for a rebuilt motor vehicle state that the vehicle is rebuilt; 6) require that the purchaser of a salvage vehicle or the insurance company, in cases where a salvage vehicle is conveyed to an insurance company, forward to the Director of Finance an application for a salvage certificate in addition to proof of ownership, the certificate of ownership, and the license plates and to require the Director to issue the salvage certificate upon receipt of these items; 7) require that upon resale of a salvage vehicle, the seller give, in addition to the bill of sale, a salvage certificate to the purchaser, and mandate that a party selling a salvage vehicle sell only to certain licensed persons; 8) prohibit the issuance of a license to any salvage vehicle rebuilt to operate on the highway, unless there is issued a salvage certificate and an inspection certificate signed by a registered or certified motor vehicle repair dealer attesting that the vehicle's original specifications and tolerances have been adhered to; 9) allowing the counties to set fees to be charged for inspecting rebuilt motor vehicles; 10) include a new item (11) to Section 437B-11, stating that rebuilding or restoring a salvaged vehicle so that it does not conform to the original specifications shall be cause for disciplinary action against licensees; 11) deleting the requirement in Section 289-2 that persons obtain a license under Chapter 289 in order to engage in the business of rebuilding wrecked vehicles for resale; 12) amending the definition of "repair of motor vehicles" in Chapter 437B to include the rebuilding and restoring of salvaged vehicles and thus shifting the licensing of rebuilders to the Motor Vehicle Repair Industry Board.

Your Committee, upon further consideration, has made the following amendments to S.B. No. 1693-84, S.D. 1, H.D. 1:

(1) Page 2, line 8. "Person" is deleted and replaced with "motor vehicle repair dealer."

(2) Page 2, line 13. The bond has been increased from less than \$25,000 to not less than \$25,000.

(3) Page 3, line 7. "Rebuilt Motor Vehicle" has been redefined for purposes of clarification.

(4) Page 10, line 7. Persons licensed under Chapter 437B was added to those authorized to buy a salvaged vehicle and any other person is allowed to buy a salvaged vehicle provided the person execute an affidavit relating to the intended use of the salvaged vehicle.

(5) Page 10, line 24. The words "repair procedures or" was added after the word "established" to allow licensing of rebuilt motor vehicles if the manufacturer's established repair procedures were adhered to.

(6) Page 13, lines 14, 15, 17. The proposed new language was reworded for clarity and to conform with the amendment discussed in item (5) above.

(7) Page 14, lines 13, 14. The words "salvage, wrecked, or dismantled vehicle" was replaced by "rebuilt vehicles as defined in Section 286-2".

(8) A new Section 11 was added to allow the Director of Commerce and Consumer Affairs to utilize the special fund established by Section 26-9(m), Hawaii Revised Statutes, to implement the sections of this bill relating to Chapter 437B.

(9) Sections 11 and 12 were renumbered 12 and 13 respectively.

(10) Section 13 was renumbered Section 14 and the effective date of the bill was changed from July 1, 1985 to January 1, 1985.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1693-84, 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. 1693-84, S.D. 1, H.D. 1, C.D. 1.

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

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

Conf. Com. Rep. 70-84 on S.B. No. 1815-84

The purpose of this bill is to establish procedures for voluntary arbitration of internal disputes involving apartment owners, associations of apartment owners, boards of directors, and managing agents which relate to Chapter 514A, Hawaii Revised Statutes, or the association's bylaws, declaration or house rules.

Upon further consideration, your Committee has agreed that mandatory arbitration, when afforded the protections of due process and trial de novo, is constitutional and can further expedite the disposition of disputes relating to Chapter 514A, Hawaii Revised Statutes. Your Committee has therefore amended S.B. No. 1815-84, S.D. 1, H.D. 1, by:

1. Amending Section 1 to clarify that arbitration of internal disputes between apartment owners, associations of apartment owners, boards of directors and managing agents shall be mandatory upon the request of any party.

2. Deleting, in Section 2, subsection (a) of section 514A- , entitled Arbitration of disputes, and substituting a new subsection (a) which provides that arbitration of disputes relating to Chapter 514A, Hawaii Revised Statutes, or the association's declaration, bylaws or house rules shall be mandatory upon the request of any party.

3. Adding a new paragraph (8) to subsection (b) of section 514A- , entitled Arbitration of disputes, to exclude from mandatory arbitration those cases which are "unsuitable for disposition by arbitration".

4. Adding, in Section 2, a new section 514A- , entitled Determination of unsuitability, which provides procedures by which a person served with a written demand for arbitration may apply to an appropriate circuit court for a determination as to whether the subject matter of the dispute is suitable for arbitration. The new section also provides general criteria as to what disputes are suitable for disposition by arbitration.

5. Adding, in Section 2, a new section 514A- , entitled Determination of insurance coverage, which provides that where a dispute is excluded from arbitration under section 514A- b(7), any party to the arbitration may file a complaint for declaratory relief against the involved insurers for a determination of whether insurance coverage is unavailable due to pursuit of the arbitration.

6. Amending, in Section 2, section 514A- , entitled Award; confirming award, to clarify that an arbitration award shall not be confirmed by a circuit court where a de novo jury trial has been demanded.

7. Deleting, in Section 2, section 514A- , entitled Appeal of award, and substituting a new section 514A- , entitled Trial de novo and appeal. This new section provides that (1) any party involved in an arbitration may demand a trial de novo within ten days after service of the arbitration award upon all parties; (2) the demanding party shall be liable for all costs, expenses and attorney's fees if the demanding party does not prevail at the trial de novo; and (3) when there is more than one party or issue involved in the trial de novo, the court shall allocate its award of attorneys' fees among the prevailing parties and tax such fees against the nonprevailing parties who demanded a trial de novo in accordance with the principles of equity.

8. Including other nonsubstantive language and technical changes which were made for purposes of clarity and conformity with recommended drafting style.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1815-84, 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. 1815-84, S.D. 1, H.D. 1, C.D. 1.

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

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

Conf. Com. Rep. 71-84 on S.B. No. 1745-84

The purpose of this bill is to extend the existence of the Board of Acupuncture (Board) until December 31, 1985.

Your Committee has learned from the Legislative Auditor's Sunset Report on Acupuncture that the Attorney General's Office rendered an opinion on December 1982 that acupuncturists were not entitled to call themselves "Doctors" or "acupuncture physicians". Subsequently, the Board's lack of response to this opinion resulted in the sending of warning letters to acupuncturists who were violating the Board's rule on advertising. Among those receiving a warning letter from the Executive Secretary were three members of the Board. Although all the violators have since complied with this rule, your Committee finds that the Board did not react promptly to the Attorney General's opinion and that Board members were violating a rule that they were supposed to enforce.

Your Committee further finds that the Board has failed to establish educational guidelines in their licensing process by allowing foreign applicants to take the Board's exam indiscriminately without first establishing a complete list of foreign schools whose graduates are acceptable candidates for licensing.

After considering the Legislative Auditors Report and the other factors in this issue, your Committee has made the following amendments to S.B. No. 1745-84, S.D. 1, H.D. 1:

(1) The administration of Chapter 436D, Hawaii Revised Statutes, has been transferred to the Board of Medical Examiners and the Board of Acupuncture has been deleted.

(2) A new section has been added to Chapter 436D providing that the Board of Medical Examiners shall adopt rules in accordance with Chapter 91 for the administration of the chapter.

(3) Another new section has been added to Chapter 436D providing that the Board may delegate its duties, except for rulemaking and revocation or suspension of licenses, to a committee comprised of at least three licensed acupuncturists and as many lay members as the Board deems appropriate.

(4) Chapter 436D has been extended until December 31, 1986.

(5) The effective date of the Act has been changed to January 1, 1985, except that Section 11, which extends the existence of Chapter 436D, is made effective upon approval.

The effect of the amendments is to repeal the Board of Acupuncture as of January 1, 1985, and transfer administration of the regulation of the practice of acupuncture to the Board of Medical Examiners as of that date.

Your Committee believes that these changes will resolve the past difficulties involving the regulation of acupuncture practitioners and that there is sufficient potential harm to the public health, safety and welfare from improperly applied acupuncture procedures to warrant the extension of Chapter 436D, Hawaii Revised Statutes, as amended by this bill, for an additional two years.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1745-84, 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. 1745-84, S.D. 1, H.D. 1, C.D. 1.

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

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

Conf. Com. Rep. 72-84 on S.B. No. 2085-84

The purpose of this bill is to clarify the relationship between common elements as specified under Section 514A-3(5), Hawaii Revised Statutes, and the voting rights of apartment owners in a horizontal property regime.

The present law provides that a condominium project's declaration may designate an area that would otherwise be a common element as an apartment. This permits designation of such areas as trash chutes and storage rooms as apartments and allows the owner of such areas to vote at association meetings. Your Committee finds this practice to be deceitful and duplicitous and contrary to the intent and purposes of the law on horizontal property regimes.

The bill remedies this problem by prohibiting owners of areas that would otherwise be common elements to vote at association meetings.

Besides clarifying the relationship between common elements and voting rights, the bill also:

1. Prohibits remuneration by apartment owners for access to their condominium apartments;
2. Requires developers to provide mailboxes to apartment owners of apartments built, substantially renovated, or converted to a condominium after the effective date of this bill;

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

1. Requiring boards of directors of condominiums with more than one hundred units to consist of nine members, unless the number is reduced by a vote of at least seventy-five per cent of the owners at an annual or special meeting called for that purpose.
2. Providing that for the initial term of office, directors shall serve for a term of three years or the term as specified by the by-laws or until their successors have been elected or appointed.
3. Clarifying that a director shall not vote at any board meeting on any issue in which the director has a conflict of interest.
4. Providing a new Section 514-82(18), Hawaii Revised Statutes, relating to the solicitation or casting of proxies by resident managers, managing agents, or members of a board of directors.
5. Amending the new Section 514A-82(19), Hawaii Revised Statutes, to substitute "Robert's" for "Roberts" when referring to Rules of Order.
6. Adding the word "use" after the word "residential" on page 9, line 4 of the bill as received for the purpose of clarity.
7. Including nonsubstantive amendments for purposes of clarity and conformity with recommended drafting style.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 2085-84, 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. 2085-84, S.D. 1, H.D. 1, C.D. 1.

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

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

Conf. Com. Rep. 73-84 on S.B. No. 1694-84

The purpose of this bill is to amend the Uniform Securities Act (modified) to require the registration of investment advisers.

Presently, Hawaii law does not require investment advisers to disclose information which would be subject to review before granting them the right to conduct their business in Hawaii or to submit periodic reports of their business transactions. Consequently, there are no means to prevent persons with criminal records, bad business reputes, or financial instability from operating in this State.

Although investment advisers are presently required to register with the Security and Exchange Commission (SEC), to disclose certain information, and to keep complete business records for a period of five years, a memorandum received from the Legislative Reference Bureau indicated that the SEC has such a large pool of people to police that it cannot possibly conduct sufficient examinations and audits to the satisfaction of the different states. The memorandum further indicated that the SEC's limited investigative resources may be the reason that thirty-six states have statutory provisions requiring the registration of investment advisers. The courts have ruled that the Federal government has not preempted the states in this area and that a state may regulate the qualifications and activities of investment advisers pursuant to the state's police powers to regulate occupations affecting the welfare and property of the citizens of the State.

In view of recent events involving investment adviser misconduct, your Committee is in agreement that it is necessary to enact legislation that would deter future misconduct by requiring the registration of investment advisers in this State.

Your Committee is aware of the Department of Commerce and Consumer Affairs' concerns that such requirements may necessitate additional personnel to handle investment adviser registrations and notes that this bill includes a built-in "trigger mechanism" whereby the commissioner of securities would conduct a thorough investigation of applicants or registrants upon the finding of substantive errors in a registration statement or the filing of complaints. Your Committee further notes that this bill includes a provision that would authorize the commissioner to coordinate efforts with the SEC and any similar entities to avoid unnecessary duplication of examination and investigations.

Your Committee, upon further consideration, has made the following amendments:

(1) Provide that a person who was registered as an investment adviser by the SEC as of January 1, 1983, shall be exempt from the examination provisions in subsection 485-1(d), Hawaii Revised Statutes.

(2) Require that applications for registration of investment advisers be accompanied by a form disclosure statement which, for certain transactions, informs the client of the capacity in which the investment adviser is acting and the compensation the investment adviser is to receive.

(3) Provide that the bond requirement shall be \$5,000 if the investment adviser does not have custody of or discretionary authority over client money, securities or other assets.

(4) Delete the requirement that the errors and omissions insurance be for \$5,000,000 and provide that the insurance shall be for at least \$100,000 per occurrence with a \$200,000 aggregate for those with less than two years experience, and a \$500,000 aggregate for those with two or more years of experience for the protection of the investment adviser's clients.

(5) Delete the \$10,000 minimum capital requirement for investment advisers and add that the commissioner may by rule require a net worth requirement which shall not be less than \$5,000 for investment advisers.

(6) Delete the language in the proposed new paragraph 485-25(c)(4), Hawaii Revised Statutes, and substitute language to provide that an investment advisory contract shall provide that an investment adviser must (a) make written disclosure to a client regarding the capacity in which he is acting and compensation to be received for certain transactions, and (b) obtain written consent of the client to such transactions.

(7) Provide that a variable annuity contract based upon a separate account which is registered as a management investment company with the SEC is exempt from Section 485-8 and paragraph 485-25(a)(7), Hawaii Revised Statutes.

(8) Provide that "security" does not include a fixed annuity contract.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1694-84, 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. 1694-84, S.D. 1, H.D. 1, C.D. 1.

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

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

Conf. Com. Rep. 74-84 on S.B. No. 1702-84

The purpose of this bill is to require all insurers to issue for each insured motor vehicle a no-fault decal showing the existence of a current no-fault policy.

Your Committee finds that the increasing number of uninsured motorists poses a threat to society. Hawaii has compulsory insurance requirements and requires that motorists carry a no-fault card. Insurance identification cards serve as evidence that a motorist has obtained no-fault insurance and is complying with the insurance coverage requirement. Your Committee finds that it is possible, however, for a motorist to retain a card after the motorist's insurance policy is canceled, and continue to operate a vehicle without insurance.

Currently, the only enforcement mechanism against uninsured motorists is to criminally prosecute those who fraudulently use or display no-fault identification cards knowing that their policy has been canceled. Depending on the amount of the fine imposed, violators may choose to pay a lesser fine for the fraudulent use of the card than to pay the no-fault premiums.

Upon consideration of this measure, your Committee has decided to delete entirely all provisions which would require the issuance and display of no-fault insurance decals. In place of such provisions, the bill, as amended, establishes procedures for return of no-fault insurance cards upon cancellation of policies and requires first time purchasers of no-fault insurance to prepay premiums.

Under the bill, as amended, prepaid premiums need not be refunded upon cancellation of a policy until the no-fault insurance card is returned to the insurer and if premiums are due for any part of the period for which the card was issued, the insurer may bring a court action against the person cancelling the policy for three times the unpaid portion of the premiums. These provisions are designed to act as a financial disincentive to persons who might otherwise obtain and cancel no-fault insurance policies to obtain the use of the no-fault insurance card for periods when the policy has been cancelled.

In order to further restrict the fraudulent use of no-fault insurance cards, the bill also requires persons who are applying for the first time for no-fault insurance to prepay for at least six months coverage; however, the insurer is allowed to accept payment of two months prepaid premium and issue a temporary no-fault identification card for the period for which premiums have been paid. It is the intent of your Committee that this provision is not intended to affect those persons who are existing policyholders who desire to obtain another insurance carrier. Further, because of the unique nature of commercially rated and fleet vehicles, vehicles used in those capacities are excluded from the coverage of this provision.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1702-84, 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. 1702-84, S.D. 1, H.D. 1, C.D. 1.

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

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

Conf. Com. Rep. 75-84 on H.B. No. 2044-84

The purpose of this bill is to exempt the Public Employees' Health Fund from the requirements of Chapter 431A, Hawaii Revised Statutes.

The bill has amended the expiration date of the moratorium from December 1, 1984 to June 30, 1985. This amendment will permit the Legislature to review the

final report of the worker's compensation study which is being conducted through the Legislative Auditor and which is scheduled to be submitted to the 1985 session. Such changes to the worker's compensation program as the Legislature may make in the 1985 session can then be taken into account in rate filings submitted to the Insurance Commission for approval subsequent to June 30, 1985.

Your Committee, upon further consideration, has made the following amendments:

(1) Between the words "shall" and "file" on page 2, line 12, the following language has been added:

", on June 1, 1985, and on June 1 of each year thereafter,"

(2) After the word "use" the following proposed language has been added:

"during the fiscal year starting July 1 of each year. No such filing shall be made at any time prior to June 1, 1985". This amendment has been made on page, lines 16 through 18.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 2044-84, 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. 2044-84, H.D. 1, S.D. 1, C.D. 1.

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

Senators Mizuguchi, Abercrombie, Cobb, Holt and A. Kobayashi,
Managers on the part of the Senate.

Conf. Com. Rep. 76-84 on H.B. No. 1940-84

The purpose of this bill is to increase the amount of funds deposited annually into the University of Hawaii research and training revolving fund and to provide additional advance funding to meet reimbursable costs incurred in connection with federally financed research and training projects.

The current limit on funds deposited into the research and training revolving fund is \$1,000,000. This bill establishes the limit at 30% of all income generated from overhead receipts, with the remainder to be deposited into the State General Fund. Translated into dollars, this new limit will provide approximately \$2,000,000 annually to the University for support of various research and training activities, allowing the University to remain competitive with other institutions in attracting research funds.

This bill also creates a permanent new account of \$2,500,000 to be used to provide advance funding to meet reimbursable costs incurred in connection with federally financed research and training projects. Because of the federal reimbursable cost system, the University is extremely limited in retaining working capital necessary to attract and receive federal dollars in support of research and training projects. The proposed bill increases the University's ability to attract research dollars.

Your Committee, upon further consideration, has made the following amendments to H.B. No. 1940-84, H.D. 2, S.D. 1:

(1) Added proposed language to Section 304-8.1(a), Hawaii Revised Statutes, which provides that, except for amounts specified in Section 304-8.1(c), unencumbered funds as of June 30 of each fiscal year are to be deposited to the General Fund of the State.

(2) Deleted language in Section 304-8.1(b) requiring that the University annual report on the status of the research and training revolving fund include details of indirect and overhead receipts, expenditures, advances and reimbursements.

In agreeing with the amendments, your Committee on Conference wishes to express a strong concern that the amendment which provides for the lapsing of unencumbered funds, may result in potential difficulties for University research-

ers. More specifically, certain research and training revolving funds which are committed towards extramural grant proposals may be lapsed due to late notification of grant awards. In addition, your Committee is also concerned that regular teaching faculty who can only conduct research activities during the summer months, may not have enough time to expend or fully encumber funds for their research projects by June 30.

It is the hope of your Committee that the University address this concern in its next annual report to the Legislature as provided for in Section 304-8.1(b), Hawaii Revised Statutes.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1940-84, 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. 1940-84, H.D. 2, S.D. 1, C.D. 1.

Representatives Hagino, Kiyabu, Apo, Chun, Okamura,
Yoshimura and Dang,
Managers on the part of the House.

Senators Yamasaki, Holt, Mizuguchi, Abercrombie and Ajifu,
Managers on the part of the Senate.

Conf. Com. Rep. 77-84 on S.B. No. 1115

The purpose of this bill is to establish compulsory arbitration procedures for resolving disputes between a public employer and the exclusive bargaining representative of bargaining unit (12), police officers, over the terms of an initial or renewed collective bargaining agreement.

This bill extends the present provisions relating to compulsory arbitration to include police officers. Additionally, the present law is amended to allow the arbitration panel to fashion a decision that it deems appropriate and not be limited to selecting one or the other of the final offers of the parties as the basis for its decision. The bill also amends item number (6) of the factors to be considered by the arbitrators in reaching their decision by clarifying that wages of State and county employees employed in this State are to be utilized for comparison purposes.

Upon further consideration, your Committee has amended the bill to provide that with regard to firefighters and police officers, if more than ninety working days have elapsed after either party has given written notification to initiate negotiations and a dispute exists over the terms of an initial or renewed agreement either party may give written notice to the Hawaii Public Employment Relations Board that an impasse exists and thus trigger the compulsory arbitration process.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1115, 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. 1115, S.D. 2, H.D. 2, C.D. 1.

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

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

Conf. Com. Rep. 78-84 on H.B. No. 1640-84

The purpose of this bill is to provide supplemental appropriations for the fiscal biennium 1983-85 and to make other amendments to the General Appropriations Act of 1983.

This bill, in its amended form, provides additional funds of \$4.7 million for operating purposes and \$39.5 million for capital improvement projects.

FINANCIAL AND BUDGETARY OVERVIEW

The overall financial considerations which have guided the formulation of this bill are similar to those which affected the general appropriations act and other appropriation measures that were enacted in 1983 for the current biennium. Our construction and major agricultural industries are still sluggish and economically troubled, and tourism, a mainstay of the Hawaiian economy, appears to have reached a plateau. The growth of general fund tax revenues remains low, and there is still uncertainty over final disposition of tax collections under litigation.

There is, however, signs that our economy will experience a modest upturn, and there is some room for cautious optimism with respect to State revenues and expenditures. The March 1984 6 per cent which was previously forecasted. This means an anticipated improvement of some \$13 million from the general fund tax revenue estimates shown for FY 1983-84 in the state administration's supplemental budget, which was submitted to the Legislature in December, and an increase of about \$12 million for FY 1984-85.

Additionally, your Committee adjusted the Council of Revenue's estimate of the growth in general fund tax revenues for fiscal year 1984-85 from 10.1 per cent to 8.7 per cent. The Council's estimate which was predicated upon the expiration of the transfer of general excise taxes to the highway fund. Your Committee's estimate is based on passage of H.B. No. 2151-84 which continues the transfer. The use of a lower growth estimate for fiscal year 1984-85 will not alter the financial plan upon which this and other appropriation measures were based on because the lower growth estimate is offset by not having to show general fund expenditures for highway purposes.

On the expenditure side, the administration's expenditure controls are expected to continue to generate some savings. Just as important, several costly programs are not expected now to consume as much general fund resources as was previously feared. Slight improvements in the long-term tax exempt borrowing market have enabled the State to realize interest savings and lower its debt service costs for recent general obligation bond issues. The very large deficit previously anticipated by the state administration for the medical assistance program has not materialized, and it now appears that the program can be conducted under current appropriations. Also, general fund expenditures for the Department of Education's regular instruction program, the largest budget category in the entire state budget, are expected to be less than what was appropriated for FY 1984-85 because of a higher than anticipated increase in federal impact aid funds.

Thus, the slight improvement in revenues and the savings which are expected to be realized from some expenditures running below current appropriations have enabled selective, additional program appropriations to be made, some of which are basically to continue the existing level of service.

In the aggregate, the level of appropriations recommended in this bill, as well as in other bills being considered by your Committee, when added to existing appropriations, falls within the latest revenue projections of the Council on Revenues and is near the expenditure level recommended in the Governor's financial plan. Thus, if the Governor finds at the outset of the next fiscal year and prior to each quarterly allotment period that the revenues anticipated will be equal to or exceed the estimates originally used by the executive, there will be little justification for any restriction of appropriations, and funds for legislative priorities should be fully allotted.

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 directions.

ECONOMIC DEVELOPMENT

Diversification of economic activity has provided a sound basis for Hawaii's development and allowed for our economy to hold firm against the worst effects of the economic recession. However, mindful of the fragile nature of an island economy, your Committee continued its commitment to diversified support and has provided funds for the major economic activities in the State: tourism and agriculture. In addition, your Committee has provided support to encourage new industrial development.

Tourism. Your Committee recognizes the significance of Waikiki to Hawaii's tourist industry and the need to support its continuing beautification as the major destination point in the State. Accordingly, \$4.8 million has been provided to continue the City and County of Honolulu's plans to widen and landscape sidewalk areas bordering Kalakaua Avenue.

To stimulate the development of new employment and economic opportunities, funds have been provided to promote Molokai as a visitor destination area. The funds provided to the Hawaii Visitors Bureau (HVB) for this purpose will be used on a 50 per cent matching basis with the county of Maui and private industry.

There has been substantial interest in developing Hawaii as a major convention center and as the insurance center of the Pacific. While both types of development appear to hold promise, your Committee believes that more analysis of these possible developments need to be conducted. Therefore, funds have been provided for the necessary studies to be conducted.

Agriculture. Agriculture continues to be a major area of concern. With the decline in sugar and pineapple production, your Committee has turned its attention to supporting viable agricultural enterprises. One of these enterprises which has shown promise and which is ready for implementation is the concept of the agricultural park. Your Committee has provided an authorization of \$4.175 million in general obligation bonds for the construction of these parks.

Despite the decline of canning operations, pineapple remains as one of the State's largest industries and a vital factor in Hawaii's economy. Your Committee has provided funds for the promotion of pineapple in Canada and the continental United States and has expanded the scope of the original promotion to include the Midwestern States.

To stimulate the development of new agricultural products and new technology for agriculture, funds have been provided to replenish the agricultural products revolving fund. The aim is to keep the revolving fund at a viable level so as to have funds available to encourage private investment in new agricultural ventures.

Your Committee, in recognizing that diversified agriculture is the fastest growing sector in Hawaii's agricultural industry and that great potential exists for increasing the export of such commodities through continued promotional efforts, has provided funds for promotion.

Your Committee recognizes the need for a comprehensive promotional effort to combat the public's lack of confidence in locally produced milk. Funds will be provided on a matching basis to complement the existing product promotion and advertising campaign of the milk industry.

In addition to providing additional funds for agricultural development and promotion, funds have been included for research and equipment. Webworms are a threat to the cattle industry with the capacity of destroying acres of grazing lands in a matter of days. Therefore, funds are provided for research on the webworm biological control project. Nematodes also continue to be a significant problem and, in response, your Committee has provided funds for additional nematode detection equipment for the Statewide Nursery Certification Program.

Due to the nationwide ban on EDB, the local papaya industry is in danger of not being able to market its product. Therefore, funds have been provided for research and development of alternatives to EDB treatment of papaya.

High Technology Development Corporation. Your Committee recognizes the promise of high technology as a possible alternative in its continuing commitment to economic diversification. During the Regular Session of 1983, the Legislature passed Act 152 which established the High Technology Development Corporation (HTDC) for the purpose of developing industrial parks, locating high technology enterprises and assisting in the construction of facilities for such purposes through the issuance of special purpose revenue bonds.

To further demonstrate its support of high technology development, your Committee has provided funds to continue the program's activities.

EMPLOYMENT

Workers' Compensation Caseload. Your Committee has included in this bill funds to allow the director of labor to hire hearing officers to investigate claims, hear cases, and render decisions on claims whenever the need arises. Your Committee has been informed by the department of the backlog of cases existing in this area. Such a backlog of unresolved cases creates a hardship on the individual involved as well as adding to the State's cost in administering the program.

Hawaii State Occupational Information Coordinating Committee. Your Committee demonstrated its continuing support of youth seeking job opportunities through the funding of the Hawaii State Occupational Information Coordinating Committee. Last year the Legislature established a career information system for the purpose of providing support in employment, training, education, and career planning for youth facing career and occupational decisions. Your Committee believes that the work of the committee will do much to impact the matching of youth career desires with available and anticipated labor demand.

Employment Opportunities. Recognizing the slow recovery of the construction industry, your Committee has provided \$10 million in capital improvement projects for repair, renovation, and maintenance of school facilities. Your Committee believes these funds will serve as a catalyst to stimulate activity in the construction industry, thereby providing more jobs for our people.

TRANSPORTATION

Inter-State Route H-3. Your Committee has provided funding, at the level requested by the executive, for construction of H-3 from the H-1 Junction to the Kaneohe Marine Corps Air Station. Your Committee believes that the project should now be allowed to proceed. Should a decision to cease the project be issued by the Federal Court in 1985, ruling against the State, the department of transportation is directed to present other alternatives that would attain the same objectives that H-3 is intended to accomplish.

Support for Other Facilities. Your Committee has also provided funding for several projects deemed to be of a high priority. Among these are: expansion of Kahului Airport; improvements to the Aloha Tower Complex; replacement of the fire boat at Honolulu Harbor; design of the Waiaka Stream Bridge in Waimea, Hawaii; improvements toward Lahaina along Honapiilani Highway; and further Pali Highway improvement.

ENVIRONMENTAL PROTECTION

In recognition of the State's value as a potential source of geothermal power, Act 296, SLH 1983, directed the department of land and natural resources to designate subzones of geothermal resource development areas in the State. However, funds were not provided and preliminary work is currently being coordinated by existing departmental staff. Your Committee believes that this work is critical to the State's effort to further develop its energy self-sufficiency. Consequently, your Committee has appropriated funds to contract the services of a geologist in order to accomplish the necessary subzoning work.

Studies are also being conducted concerning the reuse of water for agricultural purposes, the development of rainwater catchment programs, solar distillation to vaporize pure water from low quality water, and aeration treatment of contaminated water. Further, your Committee supports a more stringent monitoring of all levels of harmful substances in the environment.

HEALTH

In its review, your Committee faced several issues that required budgetary decisions. These issues included the following: management of excess hospital receipts; consolidation of hospital services in the County of Hawaii; the need for additional support for programs dealing with the mentally retarded, drug and substance abuse, and child and sex abuse; the urgency of providing funds for equipment purchases for the new acute care facility in Hilo; and the expansion of emergency medical services to rural areas.

Management of Excess County/State Hospital Receipts. Your Committee was disturbed to learn that \$7.2 million owing to the general fund for excess receipts generated prior to July 1982 remain unpaid, and another \$5.5 million owing for excess receipts generated last fiscal year also remain unpaid.

In its inquiry into the current special fund balances, your Committee discovered substantial balances built up from prior years in the County/State Hospital Administration Program. In addition, your Committee also found balances generated in the last fiscal year in the accounts of the various hospitals. Your Committee believes that a substantial amount of the current balances are in excess of the program's requirements, including contingencies, and are not needed. Therefore, your Committee has required, through special provisions in this bill, that such special fund balances lapse to the general fund.

Further, your Committee recommends that the director of health institute procedures whereby all special funds of the county/state hospital system will be periodically reviewed to determine what amounts should be transferred to the general fund. Additionally, your Committee directs the department to take necessary steps to ensure that expenditures of the county/state hospital system are subject to the regular budgeting process.

Consolidation of Hospital Services in the County of Hawaii. Your Committee has reviewed the comprehensive analysis on the consolidation of hospital services in the County of Hawaii submitted by a special task force of the department of health. The recommendations of the task force included (1) the conversion of Kau, Kohala, and Honokaa hospitals to intermediate care facilities (ICF) and (2) the consolidation of acute in-patient services to Hilo and Kona hospitals.

While your Committee is in favor of strategies to maximize utilization of the hospitals in Hawaii County, it is acutely aware of the need to maintain public confidence in the availability and responsiveness of health care services. Therefore, your Committee has requested the department of health to develop an implementation plan and to determine the impact on affected communities for presentation to the 1985 Legislature which will ensure maintenance of service levels in terms of accessibility and responsiveness during and after the conversion of the Hawaii County hospital system.

Community Based Services for Mental Retardation and Mental Health. Your Committee's recognition of the need for community based services in mental retardation and mental health was expressed through the funding of services in the purchase of service program. This year your Committee expanded the purchase of service program for the mentally retarded in recognition of the continuing need for transitional living and day activity services for individuals being released from institutions.

Your Committee has also provided approximately \$2.7 million in additional general fund appropriations for purchase of community based mental health, drug and substance abuse, child and sex abuse treatment services. Further, your Committee has provided funds for a temporary position to the department of health to coordinate development of child abuse and neglect programs. This is to ensure that development efforts will be professional, systematic, and comprehensive.

Equipment Purchases for Hilo Hospital. Your Committee recognized the urgent need to purchase equipment and furnishings for the new acute care facility in Hilo in the current fiscal year and has addressed the matter in a special appropriations bill for fiscal year 1983-84. Your Committee has authorized the sum of \$2.7 million for Hilo Hospital.

Emergency Medical Services. To ensure availability of emergency medical services in rural areas, your Committee has provided funds to expand emergency room services at the Waianae Coast Comprehensive Health Center to a 24-hour operation.

Your Committee has also provided funds to purchase an ambulance to service the Honokaa area of the Big Island. Further, your Committee has directed the department of health to contract emergency medical services for Honokaa hospital. By doing so, the residents of this area will be assured a complete range of quality medical care.

SOCIAL SERVICES

The social and economic well-being of the aged, disabled, and the disadvantaged individuals and families is an important part of the State's program. It is your Committee's view that necessary assistance must be assured and it believes that continuous effort must be directed to enable those citizens to gain economic and social independence.

Medical Assistance. Because of the spiralling cost of Medicare and Medicaid over the past few years, the federal government has decided to contain, as well as drastically reduce, the cost of health programs. It has developed a new method of payment known as TEFRA (Tax Equity and Fiscal Responsibility Act of 1982) which essentially places a limit on medical services reimbursement levels. Under Medicaid, all institutional type providers would be significantly affected by the reduction of medical services payments.

In an attempt to avert such a crisis, the department of social services and housing has developed a new method of payment to institutional health providers which would maintain current levels of payment while holding down program costs. Consequently, no additional appropriation is necessary for reimbursements to health care service providers.

Nursing Home Without Walls. A new approach to nursing care for the chronically ill and aged was established by the Legislature during the 1983 Session. This program offers home nursing care as an alternative to institutionalized care and has thus far proven hopeful as a pilot project. To assure the continued exploration of this effort, your Committee has provided funding for the second year with the requirement that the department evaluate the program and submit a report before the convening of the 1985 State Legislature.

Financial Assistance. The anticipated cost of the money payment programs--Aid to Families with Dependent Children; Aid to Aged, Blind and Disabled; Child Welfare Foster Care and General Assistance--for fiscal year 1984-85 is expected to be less than previously anticipated. This is due to the application of stricter eligibility requirements which have resulted in a lower projection of caseload. Consequently, your Committee adjusted the appropriation provided in the biennium budget to reflect the caseload decrease.

Cost Recovery-Third Party Liability. Welfare recipients who are injured in automobile accidents are covered initially under the medical assistance program. When the liability of the injury falls on insurance carriers (third party liability), the recovery of the medical costs has not been altogether successful. As a result, the State has been left to bear in the cost of medical care incurred by welfare recipients injured in automobile accidents. To insure recovery of such costs, six temporary positions and funds have been made available for use by the department to recover the reimbursement of the medical costs from insurance carriers.

LOWER EDUCATION

Your Committee remains firmly committed to the goal of providing every student in Hawaii's public education system with those fundamental academic and social skills necessary to meet the demands of our increasingly complex society. In carrying out this commitment, your Committee has sought to strike a balance between basic education, which serves as the cornerstone of our educational system, and special program augmentation tailored to meet the needs of some of our students.

Basic Education. Classroom instruction is the most significant component of the public school system and your Committee has provided sufficient funds to insure quality instruction. Additionally, in the event that the Governor imposes cost-cutting measures on each state agency, the department of education is directed to restrict funds for administrative support programs before considering the reduction of expenditures for classroom instructions.

Compensatory Education. Support for those students experiencing problems within the school system has been provided through funding of the comprehensive school alienation program. Your Committee is aware of the proliferation of programs and activities in this area and is requesting the department of education to evaluate the programs for the purpose of integrating effective and efficient programs identified into a single, comprehensive alienation program. As a condition

of future appropriations, your Committee has requested the department to submit a report of the evaluation and its plans to implement an integrated school alienation program.

School Program Augmentation. Your Committee has also augmented the basic education program by providing funds for district education specialists and district resource teachers, and by providing additional funds for Early Provisions for School Success (EPSS), the School Priority Fund, the Hawaii Educational Diffusion and Dissemination System (HEDDS), and computers. The funding for EPSS will assure the educational services of a support teacher at least once a week for all kindergarten classes throughout the State. Because of restrictions imposed on the department due to the financial constraints of the State, the department was forced to sacrifice moneys appropriated for the School Priority Fund. To insure the availability of funds for the purchase of educational supplies and equipment, your Committee has provided \$20 for every student in our elementary and secondary schools. Moreover, your Committee has provided adequate funds in conjunction with the utilization of 100 computers donated to the department.

Intermediate School Counselors. Your Committee recognizes the need for counselors for intermediate schools and, accordingly, has provided funds for 14 intermediate school counselor positions. The level of support provided is an incremental approach to eventually meeting all of the needs for counselors.

Summer Program for Enhancement of Basic Education (SPEBE). Exposure to professional experience enhances academic learning. Therefore, your Committee has provided opportunities for public school students to participate in a summer enrichment program in which students work in applied areas of mathematics, science, or language arts. This program will be instituted in the summer of 1985 with the support of business, local colleges and universities, and other public institutions.

Summer School Tuition Waivers. Your Committee has provided additional funds for the summer school tuition waiver programs. This will enable more students who meet the eligibility standards to continue their education during the summer. This is consistent with our policy of assuring educational opportunities for all students.

Repair and Maintenance of School Facilities. Mindful of the need to accommodate population increases in certain residential areas and to ensure the health and safety of our children in the schools, your Committee has appropriated \$10 million in bond authorizations for the purpose of school repair, renovation, and maintenance.

Fiscal Reporting of 1985-87 Biennium Budget. Finally, in carrying out its commitment to fiscal responsibility, your Committee directs the department of education to submit its 1985-87 biennium budget in a format that reveals the amount of general funds being requested for each of its PPB Level V programs. This reporting format will allow your Committee to scrutinize the department's budget in a systematic and consistent manner through identification of cost effectiveness levels.

HIGHER EDUCATION

Funding to maintain quality and opportunity of higher education programs has always been a major concern of your Committee. However, in light of the austere financial condition of the State, budgeting for the university must be viewed with a rigor that requires critical reduction of expenditures. Accordingly, your Committee made adjustments to the fiscal year 1984-85 appropriation for the purpose of limiting the continuous rise in higher education program costs, without jeopardizing the availability of higher education opportunities for the citizens of our State. Your Committee was also made aware of the need to fund student enrichment as well as urgent projects for high-technology, energy resource development, and water contamination research. In addition, funds have been provided for improvements of classrooms and facilities.

Program Reviews. Your Committee was faced with the difficulty of adequately evaluating the program expenditure and budget of the university as available information did not relate program results with funding. In times of fiscal austerity, program plans and funding based on priorities established from evaluation of existing programs are critical processes, since budgetary decisions to reduce or eliminate programs must be made. The university has not prepared its

budget over the years to address program budgeting with program reviews and, that in the future, the university should prepare the budget requests based on the results of such reviews.

Student Enhancement Computer Program. The College of Engineering has been in dire need to provide quality education for competent engineers sought by "high-tech" industry. The lack of adequate computer equipment was highlighted as a significant shortcoming of the college by the Accreditation Board for Engineering and Technology. To enhance the computer utilization education of engineering students, your Committee provided the college funds to purchase the necessary hardware and hire qualified personnel to assist the students with the exposure and increased capability for computer applications. The emphasis on computer education has been also recognized at the community colleges. Funds were made available for the Electronics Training Industry Program to determine the training needs of the electronics industry in Hawaii.

Computerized Student Registration and Record System. The current system of registration for courses by students at UH Manoa is archaic, resulting in unnecessary confusion and delays in the registration process. Obtaining information on student class standing and compliance with curriculum requirements are not readily available. To bring about an efficient computerized system integrated with the admission process and payment system, your Committee provided funding to purchase necessary equipment and to hire technical personnel to assist in the development and implementation of a modern student information system.

Research Projects. In addition, your Committee placed special emphasis on research projects to be undertaken by the university for the benefit of the people of the State. Since the university serves as a research arm of the high technology development program advanced by the Governor last year, sufficient funding is included in the budget to carry out creative research proposals by the Pacific International Center of High Technology Research.

For the Hawaii Natural Energy Institute, which has been conducting important research on new and alternative energy resources for Hawaii for the past ten years, your Committee has increased funding over the previous year to accelerate studies in this area. The aim is to diminish our dependence on imported fossil fuels and meet the State's increasing energy demands.

Facility Improvement Projects. In keeping pace with the changing instructional needs and requirements for improved facilities at all campuses of the university, your Committee, upon review of all existing capital investment projects and new projects submitted by the university, authorized sufficient funding for designing and constructing needed improvements to old structures as well as the development of new facilities. Foremost in the consideration were projects which directly enhanced the educational benefits for students. The major projects in this area include the renovation of old structures (Bilger Hall, Edmondson Hall, and Klum Gym) and the development of a new medical school facility at the Kuakini Medical Center. Other projects at the Manoa Campus relate to student utilization of the bookstore where a new ground floor entrance must be constructed to provide for each accessibility by the handicapped. Funds have also been authorized for improvements to the campus center.

For the other campuses, particularly Honolulu Community College and Kauai Community College, provisions were made for the construction of new vocational education facilities. For Maui Community College, funds were appropriated for the much-needed improvements of the grounds, including parking and lighting of roadways. The continued development of the marine biology program on Coconut Island requires a new electrical system and, accordingly, adequate funding has been made available.

Lastly, as part of the university's agreement with the Mauna Kea observatory organization, the access road improvements and new electrical transmission to the summit have been funded.

CULTURE AND RECREATION

Your Committee, aware of the necessity to make cultural programs more widely available, has adequately funded the performing and visual arts events program (AGS 881) through purchases of service with various private organizations.

Your Committee also recognizes the importance of recreational activities in everyday life and has provided funds to improve and renovate various boat launching facilities, including the construction of new facilities in Kapaa and Maunaloa. Your Committee has also provided funds to improve facilities at Malaekahana Beach Park and Ukumehame-Kaanapali Park, and expansion of Makena-La Perouse State Park.

PUBLIC SAFETY

Halawa Medium Security Facility. The problems of overcrowding in correctional facilities have led your Committee to carefully scrutinize expenditure in this area. In the General Appropriations Act of 1983, the sum of \$51.9 million for the fiscal biennium 1983-85 was provided to help fund a 500-bed Halawa Medium Security Facility which is intended to relieve overcrowding at Oahu Community Correctional Center. This year, the administration requested an additional \$16.5 million for construction of support facilities and an additional module unit.

Such major cost expenditures in an area which affects public safety during a period of fiscal austerity has required your Committee to seek creative strategies. After its review, your Committee is convinced that a prudent approach in this area requires an incremental development of the new facility with concurrent support for rehabilitative programs. Therefore, your Committee has maintained the appropriation of \$51.9 million for the construction of a 250-bed medium security facility at Halawa and a complement of facilities for rehabilitative programs. At the same time, your Committee has also provided funds for rehabilitative programs for Oahu Community Correctional Center and the women's correctional facility.

Your Committee considers it a priority that the department of social services and housing begin to seek effective alternatives to the problems of overcrowding. The search for new options should begin with appropriate classification and deployment of inmates, renovation and reconstruction of present facilities, and development of rehabilitative programs which support reintegration of those incarcerated back into society as law-abiding citizens. Accordingly, your Committee provided \$1.25 million for the design and construction to supplement the existing water storage facilities for the purpose of increased utilization of Kulani Correctional Facility. Funds for the repair and maintenance of two watch towers located at the front gate and rear fence of Keehi Annex also have been provided in order to increase security of the inmate recreation area and prevent contraband from entering the facility.

Facility Security. Your Committee remains committed to ensuring a secure, orderly, and safe prison environment. To this end, your Committee has provided 18 new adult corrections officers for the Women's Facility, and 24 new adult corrections officers for Oahu Community Correctional Center. In addition, sufficient funding has been provided for the pre-release and furlough program to reduce overcrowdedness.

Your Committee also provided funds for two adult corrections officers for escort in transporting inmates to and from the Kona Court. For the Maui Community Correctional Center, your Committee also provided funds to improve and expand vocational-technical education at the Women's Facility, the Hawaii Youth Correctional Facility, the Halawa High Security Facility, and the Kulani Correctional Facility. Funds have also been provided to expand the livestock and agricultural programs at the Hawaii Youth Correctional Facility in order to increase food production and to provide an opportunity for inmates to achieve a sense of accomplishment and responsibility. Your Committee urges that agricultural products and livestock produced at the Hawaii Youth Correctional Facility and the Kulani Correctional Facility be exchanged for other food provisions needed from wholesalers.

INDIVIDUAL RIGHTS

Your Committee moved to strengthen the rights of individuals through the office of consumer protection, insurance commissioner, public defender, aid to victims of crimes, and the Commission on the Status of Women.

Office of Consumer Protection. The programs of the office of consumer protection have not been equal to the responsibilities charged to it by statutes. At its inception, the Legislature had envisioned the development of an active program providing support to consumers victimized by business institutions. In recognition

of the recent occurrences in which businesses have solicited funds from consumers and then been unable to deliver on the promised services, your Committee is requesting the office of consumer protection to provide a definitive program design of how this office is to (1) provide leadership in acting on behalf of the interests of consumers and (2) relate to other agencies charged by statutes and engaged in programs which bear on the objectives of this office. Your Committee is also requesting the office to identify the benefits which are likely to be forthcoming from its programs.

These are the kinds of information which your Committee expects the office to provide in the next program and financial plan to be presented to the 1985 Legislative Session. In the meantime, your Committee recommends continued funding at the level previously authorized, with the hope that the additional information to be provided in the next Legislative Session will form the basis for providing additional funding to the office.

Office of Insurance Commissioner. In 1973, the Legislature enacted the Hawaii No-Fault Insurance Law to control motor vehicle insurance rates which have been rising at an unprecedented rate. Yet, since the enactment of the Hawaii No-Fault Insurance Law, rates have continued to increase rather than leveling off as anticipated. Your Committee is concerned that the law is not functioning in the manner intended. Therefore, your Committee has provided funds to the office of insurance commissioner to conduct a review of the State's No-Fault Insurance Law and its relationship to rising motor vehicle insurance rates.

Public Defender. The role of the office of public defender in protecting the individual rights of citizens should be buttressed by adequate legal personnel to assure the effective and speedy administration of justice. Your Committee agrees that additional appropriations should be provided for temporary personnel to meet increased felony trial workloads and for salary adjustments to ensure compensation parity with other government attorneys.

Aid to Victims and Witnesses of Crimes. Your Committee finds that the victims coordinator programs of the various county prosecuting attorneys provide a valuable service to reduce trauma and frustration felt by crime victims and witnesses. Accordingly, funding is provided through the office of attorney general with the stipulation that the counties shall match 20 per cent of the amount provided by the State and submit financial reports in support of program activities.

Commission on Status of Women. Your Committee recommends funding of the commission for another year, contrary to the decision made last session to terminate the commission on June 30 of this year. The funding is being made on the premise that the commission will provide the 1985 Legislature with a report outlining its program plans to further the interest of women, its relationship to other agencies engaged in similar activities, and an appropriate organizational structure and implementation plan to achieve the objectives and activities proposed by the commission.

GOVERNMENT-WIDE SUPPORT

Grants-In-Aid to Counties. Your Committee has recommended continued funding at the current level. The grants-in-aid to counties program currently costs the State approximately \$19 million annually with about \$8 million granted to the City and County of Honolulu, \$3 million to Maui, \$4 million to Hawaii, and \$3 million to Kauai.

The original rationale for the grants-in-aid program was based on the fact that the policymaking for all taxes levied in Hawaii was formerly vested in the State, but this situation no longer exists. The real property tax is now entirely vested in the counties and as such the counties have the power to not only set the tax rates, but also to determine how property is to be assessed and classified as well as how the tax is to be levied and collected.

Your Committee believes that it is the responsibility of the counties to explore all options of the real property tax system to generate adequate funding for county programs. Your Committee also believes that the counties should take aggressive steps to collect delinquent property taxes which have nearly doubled since the counties have assumed responsibility for assessment and collection.

Taxation. The effective and equitable administration of the tax laws is a prime requirement for public confidence in the governmental process. Your Committee is aware of the administrative problems in the department of taxation and is encouraged by the efforts being made by the department to correct these problems. Your Committee has provided funds to continue the upgrading and modernization of the department.

Vendor Payment System. Delays in the State vendor payment system is costly for vendors as well as the State. Vendors with tight cash flow situations cannot tolerate delayed payments. The State recognizes the burden this places on these vendors and has passed legislation to reduce the statutory period allowed for the State to pay for goods and services from sixty days to forty-five days.

Vendors, in order to remain solvent, under a delayed payment system must build into their pricing structure interest costs they incur as a result of loans. If vendors can be assured of reasonably speedy payments, prices can be adjusted down by discounting such built-in interest costs.

Your Committee has provided funds to the department of accounting and general services to allow modification of its computerized payment system to meet this legislative mandate.

Legal Service. Your Committee is concerned with maintaining high standards of legal services available to the State. The increase in the number and complexity of litigation involving the State necessitates providing the office of the attorney general with supplemental appropriations. These funds are intended for hiring additional attorneys, to pay for increased litigation costs, and for salary adjustments to ensure compensation parity with other government attorneys.

Disability Compensation. Your Committee has included appropriations to improve the State Workers Compensation Program. A centralized unit in the department of personnel services has been authorized to help monitor the program and to reduce unnecessary claims.

Collective Bargaining Costs. Your Committee's review of the financial condition of the State shows that all costs associated with the recently concluded contract negotiations with the various public employee unions can be accommodated within the latest revenue estimates of the Council of Revenues. The costs of salary adjustments and increased employers' contribution for medical insurance will not cause the total general fund appropriations to exceed the statutory expenditure ceiling. Accordingly, appropriations to implement the bargaining agreements are provided in the bill as well as in separate legislation.

Election Administration. Your Committee has provided appropriations to the Office of the Lieutenant Governor to ensure that voters are informed of the new reapportionment plans and to realign the State's census tract/block data base.

PURCHASES OF SERVICE FROM PRIVATE AGENCIES

Your Committee's review of the purchase of service (POS) program was guided by three basic objectives: (1) to define appropriations for private agencies as purchase of service rather than as "grant-in-aid", where it is clear that the private agency's programs are part of and serve the purpose of government programs, (2) to develop a system of services focused on program activity rather than on individual organization, and (3) to ensure and facilitate programmatic and fiscal monitoring of expenditures.

The recommended levels of funding were based on reviewing evaluations accompanying each application, assessing the relationship of activity or service to program goals, and the availability of other sources of funding. This approach allowed your Committee to be sensitive to the needs of private agencies while maintaining its commitment to fiscal accountability. As a result, your Committee has provided \$8.9 million for the purchase of service program.

Further, it is your Committee's intent that the purchase of service program be considered an integral part of the total state operating budget and that executive planning, budgeting, implementation, and evaluation be applied to private agencies as would be applied to any other executive department or agency. To ensure the continuation of this process begun by your Committee, amendments to Chapter 42, Hawaii Revised Statutes, are being provided in separate legislation.

This budget bill expresses your Committee's commitment to fiscal integrity while continuing to respond to the challenges of a changing society. Your Committee is satisfied that this supplemental budget offers a cautious and responsible approach to funding.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1640-84, 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. 1640-84, H.D. 1, S.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, Hagino, Holt, Kawasaki, B. Kobayashi, Machida, Mizuguchi, Solomon, Uwaine, Young, Ajifu, Henderson and Soares,
Managers on the part of the Senate.

Conf. Com. Rep. 79-84 on H.B. No. 1956-84

The purpose of this bill is to limit the health benefits contributions by public employers for employee-beneficiaries who retire with at least five but less than ten years of credited service to one-half of the statutorily specified amounts.

After examining the rising cost of public employer contributions for retired employees, your Committee on Conference finds that these short-term employees should not be afforded the same contribution benefits as long-term or career employees, and should share the cost of their medical plan benefits with their respective public employers. Accordingly, your Committee recommends that public employers should contribute at least one-half of the standard medical plan premium cost paid by active employees for qualifying short-term employees.

Your Committee upon further consideration has made the following amendments:

- (1) Established specific medical plan contribution amounts for those employees retiring after June 30, 1984;
- (2) Redefined the eligibility criteria of more than five years but less than ten years of credited service by adding a sick leave exclusion; and
- (3) Changed the effective date from "upon approval" to "July 1, 1984".

Other technical, nonsubstantive amendments for style and clarification have also been made to this bill.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1956-84, 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. 1956-84, H.D. 2, S.D. 2, C.D. 1.

Representatives Albano, Yoshimura, Graulty, Lardizabal, Wong and Anderson,
Managers on the part of the House.

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

Conf. Com. Rep. 80-84 on H.B. No. 654

The purpose of this bill is to repeal section 403-38.5, Hawaii Revised Statutes, and to add a new section to chapter 403 which would establish a filing requirement for individuals and corporate entities seeking a controlling interest in Hawaii banks.

Currently, section 403-38.5, Hawaii Revised Statutes, provides that no more than 25 per cent of the total voting stock of banks regulated under chapter 403 shall be held or acquired by foreign corporations or nonresident aliens, unless prior

written approval is obtained from the Bank Examiner. The proposed language replaces 403-38.5, Hawaii Revised Statutes, with a requirement that any person seeking to acquire control of a section 403, Hawaii Revised Statutes, bank or holding company must provide 60 days' prior written notice to the State Bank Examiner.

To understand the merits of this proposal, it is important to consider the change in Bank Control Act of 1978, Title VI of the Financial Institutions Regulatory and Interest Rate Control Act of 1978 (hereinafter referred to as the "Act").

The Act gives the Federal Reserve Board, the Federal Deposit Insurance Corporation, and the Comptroller of the Currency the authority to disapprove changes in control of insured banks and bank holding companies. Similar to section 40338.5(b), Hawaii Revised Statutes, the "Act" defines control as the power, directly or indirectly, to vote 25 per cent or more of any class of voting securities or to direct the management or policies of an insured bank. 12 U.S.C.S. §1817(j)(8)(B). The Act goes much further than section 403-38.5, Hawaii Revised Statutes, in that it requires extensive written notice to be filed with the appropriate Federal banking agency. More importantly, the Act, unlike section 403-38.5, Hawaii Revised Statutes, lists the factors and standards that the Federal banking agencies are to consider in determining whether a proposed acquisition should be disapproved. These factors address the concerns expressed in section 403-38.5, Hawaii Revised Statutes, in that they require consideration of financial condition, competence, experience, and integrity of the acquiring party, as well as the effect of the acquisition on competition.

Your Committee is in agreement that section 403-38.5, Hawaii Revised Statutes, should be repealed since the State is regulating an area already fully and effectively regulated by the Federal government. The Federal government has the resources to more adequately regulate this area. The State's interest is also adequately protected by the notification of the State Bank Examiner in the existing Federal statute and the proposed legislation. Should the Bank Examiner have objections to the potential acquiring party, those objections can be made to the Federal regulating authority. Additionally, the application of section 403-38.5, Hawaii Revised Statutes, may result in a conflict between the State and Federal statute concluding in the State statute being pre-empted by the Federal statute.

Your Committee, upon further consideration, has amended the bill by amending section 4 to read as follows: "This Act shall take effect upon its approval."

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 654, 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. 654, H.D. 1, S.D. 2, C.D. 1.

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

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

Conf. Com. Rep. 81-84 on S.B. No. 1846-84

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. 1846-84, S.D. 1, H.D. 1, as amended herein, and recommends it pass Final Reading in the form attached hereto as S.B. No. 1846-84, S.D. 1, H.D. 1, C.D. 1.

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

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

Conf. Com. Rep. 82-84 on H.B. No. 1751-84

The purpose of this bill is to authorize the Hawaii Career Information Delivery System, better known as Career Kokua in the Department of Labor and Industrial Relations, to share occupational and career information pertaining to Hawaii with other information systems, states, counties, territories and private entities on a cost reimbursement basis. H.B. No. 1751 will enhance Hawaii's leadership role in the Pacific and elsewhere and enable Career Kokua to enjoy a greater benefit from its activities.

Your Committee upon further consideration has made the following amendments to H.B. No. 1751-84, H.D. 1, S.D. 1:

(1) The temporary special fund has been deleted contingent upon a \$157,633 appropriation increase for the HCIDS program.

(a) The projected income is to be deposited into the State General Fund.

(b) HCIDS is authorized to spend only what it received as income.

(2) The language of the bill will be that of H.D. 1, with three changes made to bring this language in line with the legislative intent.

(a) The language "The general fund appropriation shall include the projected income for the terms and conditions of the resulting agreements or contracts for the proposes set forth herein." is added to page 2, line 21.

(b) The language "prior to its effective date" is deleted from page 3, line 7.

(c) The language "as reimbursement for the authorized expenses set forth herein. The net result would be no additional cost to the State." is added at the end of line 8 on page 3.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1751-84, 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. 1751-84, H.D. 1, S.D. 1, C.D. 1.

Representatives Tungpalan, Kawakami, Chun, Graulty, Levin 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. 83-84 on H.B. No. 2203-84

The purpose of this bill is to require that all storage water heaters sold or installed in Hawaii after December 31, 1984, meet the energy efficiency standards of the American Society of Heating, Refrigerating and Air Conditioning Engineers, Incorporated (ASHRAE), Standard 90. Currently, some county building codes require water heaters with energy efficiency standards equivalent to ASHRAE standards. But, sale of nonconforming water heaters may be installed to replace old water heaters since no building permit is required for existing structures.

Your Committee upon consideration of H.B. No. 2203-84, H.D. 2, S.D. 1, had made the following amendments thereto:

(1) The last day to sell water heaters not complying with ASHRAE 90

Standards is changed from December 31, 1984 to June 1, 1985 to allow retailers and wholesalers enough time to sell out all non-compliance water heaters before the last day to sell.

(2) The bill has been amended to allow Hawaii wholesalers to sell noncomplying hot water heaters out of state.

(3) Wording has been added so that retailers and wholesalers cannot purchase more stock of non-compliance water heaters after the law is enacted.

In effecting the aforesaid changes, your Committee by inadvertence omitted certain section and subsection numbering, the section caption, and the required underscoring to indicate the amendments. Your Committee has effected these non-substantive technical changes to C.D. 1.

The changes to new subsection (a) of the new section to be added to Chapter 196, Hawaii Revised Statutes, appropriately designated as set forth in Section 1 of the bill read as follows:

"§196- . Energy efficient storage hot water heaters. (a) No new storage hot water heater which is not certified as meeting the energy efficiency standards of the American Society of Heating, Refrigerating and Air Conditioning Engineers, Inc., as set forth as the current ASHRAE 90 Standard, shall be sold or installed in the State after June 1, 1985; provided, however, that nothing contained herein shall prevent sales from being made in the State for use outside the State. Upon effective date of this Act, no retail seller or distributor shall increase their inventory of storage hot water heaters which are not certified as being in compliance with the current ASHRAE 90 Standard, and all storage hot water heaters sold after June 1, 1985 shall be certified by the manufacturer, or the retailer, or both, as being in compliance with the current ASHRAE 90 Standard."

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 2203-84, H.D. 2, 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. 2203-84, H.D. 2, S.D. 1, C.D. 2.

Representatives Okamura, Bunda, Crozier, Kiyabu-Saballa, Menor,
Nakata and Isbell,
Managers on the part of the House.

Senators Aki, A. Kobayashi and Fernandes Salling,
Managers on the part of the Senate.

Conf. Com. Rep. 84-84 on H.B. No. 2092-84

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

The Judiciary supplemental budget focuses on alleviating the increased number of cases coming into the courts. While the Appellate Courts have achieved currency in its caseload, the Circuit Courts' criminal and civil divisions are experiencing a significant case backlog.

Your Committee supports the Judiciary's objective to speed case processing and reduce backlogs and is encouraged by the Judiciary's progress in alleviating this problem. Your Committee has provided resources to allow for a new Master Calendaring system in the Circuit Courts. In addition, authorization has been provided for temporary courtrooms. Both of these provisions will have a major impact in clearing the backlog of cases at the courts.

Further your Committee is establishing the Office of the Public Guardian to act as the legal guardian for individuals who cannot be legally responsible. In testimony presented before your Committee, such a function was favored to be needed.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 2092-84, 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. 2092-84, H.D. 1, S.D. 2, C.D. 1.

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

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

Conf. Com. Rep. 85-84 on H.B. No. 2320-84

The purpose of this bill is to amend chapter 843, Hawaii Revised Statutes, relating to the Hawaii Crime Commission, and to appropriate \$302,000 for the fiscal year 1984-1985 to operate the Commission. These funds will be expended through the Office of the Lieutenant Governor.

Your Committee concurs with the finding that there is a need to continue the commission and that the work of the commission should be focused on the evaluation of the criminal justice system and the development of public education programs. Over the years, the commission has provided reports on the criminal justice system to the legislature.

Your Committee upon further consideration has made the following amendments to H.B. No. 2320-84, H.D. 2, S.D. 1:

- (1) Appropriated \$302,000 for fiscal year 1984-85.
- (2) Made technical, non-substantive, amendments to the bill.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 2320-84, 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. 2320-84, H.D. 2, S.D. 1, C.D. 1.

Representatives Stanley, Kiyabu, Honda, Lardizabal, Morgado, Yoshimura and Anderson,
Managers on the part of the House.

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

Conf. Com. Rep. 86-84 on H.B. No. 1874-84

The purpose of this bill is to authorize the issuance of general obligation bonds to finance projects authorized in the Supplemental Appropriation Act of 1984, the Judiciary Supplemental Appropriation Act of 1984, and the General Improvements Act of 1984.

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. 1874-84, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1874-84, S.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, Hagino, Holt, Kawasaki, B. Kobayashi, Machida, Mizuguchi, Solomon, Uwaine, Young, Ajifu, Henderson and Soares,
Managers on the part of the Senate.

Conf. Com. Rep. 87-84 on H.B. No. 1906-84

The purpose of this bill is to provide funds to support certain statewide agricultural activities.

Your Committee finds that continued state support for the nematode control research, commodity group research, and pesticide education programs provided under this bill is necessary to increase the marketability of Hawaiian agricultural products. Although single-year funding has been retained in this measure for the two 3-year nematode control projects involving 1) the study of managerial strategies to minimize the use of chemical nematicides on pineapples, and 2) research on and development of nematicides and methods of nematicide application, your Committee emphasizes that both are multi-year projects whose continued funding in future years is vital to Hawaii's agricultural industries.

Your Committee also finds that the State Farm Fair has been very successful in promoting Hawaii's diversified agricultural products. As an expression of state support for the encouragement of the promotional activities of the State Farm Fair, your Committee has amended this bill to include a \$20,000 appropriation for the State Farm Fair. This additional appropriation brings the bill's total appropriation up to the sum of \$193,000.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1906-84, 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. 1906-84, H.D. 1, S.D. 2, C.D. 1.

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

Representatives Yamasaki, Hagino, Solomon, Fernandes Salling and Ajifu,
Managers on the part of the Senate.

Conf. Com. Rep. 88-84 on S.B. No. 1788-84

The purpose of this bill is to clarify and redefine the provisions relating to the general fund expenditure ceiling and to extend the ceiling requirements to June 30, 1988.

Act 277, Session Laws of Hawaii 1980, implemented the provisions of the constitutional amendments ratified in 1978 which required that the Legislature establish an expenditure ceiling to limit the rate of growth of general fund appropriations to the estimated rate of growth of the State's economy. A sunset clause was included to allow for periodic review of the specific provisions contained in the Act to ensure that they comply with the original intent and that they are useful and workable.

The current provisions relating to the state general fund expenditure ceiling are set to be repealed as of June 30, 1984.

After reviewing the manner in which the expenditure ceiling mechanism has worked since its enactment, your Committee finds that it should be extended for a two-year period instead of a four-year period.

Your Committee has further amended the bill to provide that the state growth shall continue to be measured as the average annual percentage change in total state personal income for the three calendar years immediately preceding the session of the Legislature making the appropriations from the state general fund.

Your Committee finds that due to revisions in the personal income series by the United States Department of Commerce, Bureau of Economic Analysis, the calculation of the state growth and the expenditure ceiling may lose accuracy over the years. Your Committee has amended the bill to allow the use of the most recent available data and recalculation back to the base year 1978-1979. Your Committee has further provided that if such recalculation results in an expenditure ceiling for a prior year being lower than the appropriations in that year, such result shall not invalidate any prior appropriations.

Your Committee has clarified the provision of estimates of the total state personal income, for any year in which such income has not been determined and published, required of the council on revenues to provide that such estimates shall be limited to the next succeeding calendar year. This requirement will greatly assist in the preparation of the biennial budget as a calculation of the expenditure ceiling is necessary for both years of the biennium. Your Committee cautions that this estimate is just that, an estimate, and will apparently be based on less solid data than the data used by the council on revenues to project revenues.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1788-84, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1788-84, H.D. 1, S.D. 1, C.D. 1.

Representatives Kiyabu, Bunda, Kawakami, Wong and Anderson,
Managers on the part of the House.

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

Conf. Com. Rep. 89-84 on S.B. No. 2125-84

The purpose of this bill is to provide financial relief to state and county retirees to counter the erosion of the purchasing power of their pensions due to inflation and the inadequacy of the present post-retirement and cost-of-living bonus provisions in the law.

The post-retirement bonus program was initiated in 1961. Thereafter, the cost-of-living bonus became effective on January 1, 1966, and was increased several times thereafter. The process of legislating these retirement increases, however, is costly and time-consuming, and your Committee finds that there is a need to address comprehensive changes to expedite this process.

Your Committee has amended this bill as follows: (1) to provide a bonus of 50 cents a month for each year of credited service for persons who retired after June 30, 1970, and before July 1, 1975; (2) to provide a bonus of \$1.00 a month for persons who retired after June 30, 1975, and before July 1, 1979; and (3) deleting \$4.35 a month increase for all pensioners for the period of January 1, 1985, to June 30, 1985.

Your Committee has also amended the bill by providing for a \$1,000,000 appropriation for fiscal year 1984-1985 from the general fund.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 2125-84, 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. 2125-84, S.D. 2, H.D. 2, C.D. 1.

Representatives Albano, Kiyabu, Gaulty, Wong, Yoshimura and
Anderson,
Managers on the part of the House.

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

Conf. Com. Rep. 90-84 on S.B. No. 20

The purpose of this bill is to change the time within which the State and counties are required to pay for goods and services from no later than 60 calendar days following receipt of a statement to a period no earlier than 30 days, except with the approval of the comptroller, and no later than 45 calendar days following the receipt of a statement or satisfactory delivery of the goods or performance of the services, whichever is later, before any interest is assessed; and changes the interest allowed on unpaid principal from 1 per cent a month to 12 per cent simple interest a year to commence on the forty-fifth day following the receipt of the statement or satisfactory delivery of the goods or performance of the services, whichever is later, and ending on the date of the warrant.

This bill also exempts the State and counties from paying such interest if a delay in payment is due to (1) a bona fide dispute concerning the services or goods contracted for; (2) a labor dispute; (3) a power or mechanical failure; (4) fire; (5) acts of God; or (6) any similar circumstances beyond the control of the State or any county.

Finally, the bill allows, where payment is contingent on federal funds or approval, interest to accrue on the forty-fifth day following receipt of a statement or the thirtieth day following receipt of federal funds or approval, whichever is later, and requires that interest to end on the date of the warrant.

Your Committee has amended the bill by repealing the provision limiting the application of the section to where payment is withheld arbitrarily or erroneously, and by making technical and nonsubstantive changes.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 20, 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. 20, S.D. 1, H.D. 2, C.D. 1.

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

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

Conf. Com. Rep. 91-84 on S.B. No. 787

The purpose of this bill is to make the amounts of public employer contributions to the Hawaii public employees health fund negotiable under collective bargaining and establish provisions for the adjustment of contribution amounts for excluded employees.

Your Committee finds that, during periods of difficult negotiations, consideration of health fund contributions as part of the total pay package may assist the public employers and exclusive representatives of collective bargaining units in settling their disputes. Your Committee, by specifying that the contribution amounts are cost items, retains with the Legislature the authority to approve or disapprove the amounts in the tentative agreements.

Your Committee has made the following major amendments.

(1) Contribution amounts are to be negotiated and agreed to separately with each exclusive representative. The bill, as received, required the contributions to be determined by agreement between the public employers and all exclusive representatives acting jointly.

(2) Mediation is made available for disputes on the contribution amounts. The bill, as received, excluded disputes on contribution amounts from mediation procedures. The bill, as amended, however, continues to exempt disputes on contribution amounts from fact-finding and voluntary arbitration procedures.

(3) For the firefighters' bargaining unit, contribution amounts are not subject to the mandatory arbitration procedures of law. Under the bill, as received, contribution amounts were to be part of the package submitted by the public employers and exclusive representative to the arbitration panel. The bill has been amended to separate contribution amounts from the packages submitted. New provisions have been added which require the contribution amounts to be submitted

to the legislature if not agreed to between the public employers and exclusive representative by the tenth working day after the arbitration panel reaches a decision. If agreement is not reached within that time, the public employers and exclusive representative are required to submit separately recommended contribution amounts to the legislature for establishment by legislative enactment. If agreement on the contribution amounts is reached within the time allowed, the amounts are included as part of the final and binding agreement. If the Legislature is not in session when the arbitrated decision is rendered, it is understood that the submittal to the legislature would take place during the following session. Your Committee reiterates that no strike shall be allowed over disputed contribution amounts.

(4) Definitions of "collective bargaining", "employee organization", and "mediation" under section 89-2, Hawaii Revised Statutes, have been amended to conform to the provisions of this bill.

(5) The provision has been deleted which required the public employers to pay contributions to the health fund only when collective bargaining agreements are in full force and effect.

(6) The provision on legislative enactment of contribution amounts for excluded employees who are not subject to the same compensation plans as employees under collective bargaining has been reworded for clarification.

(7) The wording of the effective date has been changed for clarification.

In addition, other technical, nonsubstantive changes have been made.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 878, 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. 878, S.D. 2, H.D. 2, C.D. 1.

Representatives Albano, Kiyabu, Crozier, Yoshimura and
Medeiros,
Managers on the part of the House.

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

Conf. Com. Rep. 92-84 on S.B. No. 1709-84

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

This bill includes judgments against the State and settlement claims and miscellaneous claims. The miscellaneous claims include interest refunds to Aloha Airlines, Inc., and to Hawaiian Airlines, Inc.

Your Committee has further amended this bill by including four additional settlements recommended by the attorney general. These settlements have resulted from claims arising under the following cases: (1) Gloria Jean Cabotaje v. Chief Clerk of the Second Circuit as Special Administrator of the Estate of Derek E. Souza, et al.; (2) Fireman's Fund Insurance Company v. State of Hawaii, Department of Land and Natural Resources; (3) Linda Yadao and Emil Yadao v. State of Hawaii et al.; and §94) a case involving a Ms. Cynthia R. Silva.

Your Committee has further amended this bill by adding the miscellaneous claim of Mr. Oliver Shane Lunasco.

As a result, this bill makes an appropriation in the total amount of \$7,365,872.82 for the payment of claims.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1709-84, 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. 1709-84, S.D. 1, H.D. 1, C.D. 1.

Representatives Kiyabu, Bunda, Kawakami, Wong and Anderson,
Managers on the part of the House.

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

Conf. Com. Rep. 93-84 on H.B. No. 2151-84

The purposes of this bill are as follows:

- 1) To change from June 30, 1984 to an unspecified date the date of termination of the transfer, pursuant to section 237-31, Hawaii Revised Statutes, of the funds derived from the state general excise tax on retail sales of certain liquid fuels from the state general fund to the state highway fund;
- 2) To require the director of taxation, with the approval of the governor, to establish by July 1 of each year, rather than by July 1 of 1981, 1982, and 1983, a formula that will equitably determine the sum to be transferred, pursuant to section 237-31, Hawaii Revised Statutes, from the general fund to the highway fund;
- 3) To amend subsection 243-4(a), Hawaii Revised Statutes, to amend the state license tax on certain liquid fuels from 8½ cents for each gallon to an unspecified sum for each gallon;
- 4) To amend subsection 243-4(b), Hawaii Revised Statutes, to amend the state license tax on certain sales and uses of diesel oil by diesel oil distributors from 7½ cents for each gallon to an unspecified sum for each gallon;
- 5) To amend section 249-31, Hawaii Revised Statutes, to replace the present \$1 state vehicle registration fee with a fee of an unspecified sum;
- 6) To amend Section 249-31, Hawaii Revised Statutes, to amend the amount of the state vehicle weight tax
- 7) To provide that the amendments referred to in 1,2,3, and 4 above would be effective on July 1, 1984 and the amendments referred to in 5 and 6 above would take effect for motor vehicle registration periods beginning September 1, 1984; and
- 8) To make technical amendments to the aforementioned statutes.

Under present law there are several permanent sources of revenue for the state highway fund created pursuant to section 248-8, Hawaii Revised Statutes. Primary among these are state vehicle registration fees, state fuel taxes and state vehicle weight taxes.

Because of the decrease in gasoline used per vehicle due to better fuel efficiency and because of decreased usage of automobiles, revenues derived from the state fuel tax have diminished. At the same time, the costs of building and maintaining highways and related facilities and equipment have increased dramatically.

Pending determination of a long-term solution to the problem of maintaining the solvency of the state highway fund, the State decided in 1981 to amend Section 237-31, Hawaii Revised Statutes, to transfer the four per cent state general excise tax on the retail sale of most liquid fuels in the State from the state general fund to the state highway fund. This transfer was scheduled to end on June 30, 1984. However, your Committee has amended the bill to extend this transfer for three years. It has done so by deleting "1984" and replacing it with "1987" at Section 1, page 1, line 11 of the bill, as it was referred to your Committee. Because of this amendment, your Committee has replaced "each fiscal year" at Section 1, page 2, lines 1 and 2 of the bill, as it was received by your Committee, with "1984, 1985, and 1986".

Your Committee has further amended the bill by deleting Sections 2, 3, and 4 of the bill, as it was referred to your Committee. Your Committee has accordingly renumbered all sections of the bill other than Section 1. Your Committee has renumbered the former Section 5 of the bill Section 2.

Your Committee has renumbered the former Section 6 relating to the effective date Section 5. It has also amended the effective date provision to make the bill effective on July 1, 1984.

Section 36-28, Hawaii Revised Statutes, provides for an annual transfer of five per cent of all receipts and deposits in the state highway fund, after certain deductions, to the state general fund. Because Section 237-31, Hawaii Revised Statutes, provided for the termination of the transfer of the funds derived from the state general excise tax on certain liquid fuels from the general fund to the highway fund, the Executive Budget anticipated a five per cent transfer, pursuant to Section 36-28, of approximately \$500,000 for fiscal year 1984-85. Because this bill provides an increase to the receipts and deposits of the state highway fund, a \$500,000 appropriation would be insufficient. Therefore, your Committee has amended the bill to add a new Section 3 which reads as follows:

For fiscal year 1984-85, all taxes deposited in the state treasury to the credit of the state highway fund pursuant to Section 1 of this Act shall be exempt from the provisions of section 36-28, Hawaii Revised Statutes.

Finally, your Committee has amended the bill to add a new Section 4, a severability clause.

Your Committee discussed at length the need for a study of the highway fund. The discussion encompassed both revenue sources for and expenditures from the state highway fund and the short and long-term interrelationship between such revenues and expenditures. Your Committee urges that the Speaker of the House of Representatives and the President of the Senate appoint a joint House-Senate interim committee to evaluate the present highway policies and priorities of the Department of Transportation. This committee would be requested to come up with a plan, in cooperation with the Department of Transportation, for the long-term solvency of the state highway fund. Your Committee further urges that the President of the Senate and the Speaker of the House allot sufficient moneys to fund necessary staff and expenses for this interim committee.

Your Committee on Conference concurs with the intent and purpose of H.B. No. 2151-84, 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. 2151-84, H.D. 2, S.D. 2, C.D. 1.

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

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

Conf. Com. Rep. 94-84 on H.C.R. No. 26

The purpose of this concurrent resolution as received is to adopt the State Tourism Functional Plan of October 1982 as a State Functional Plan for the State of Hawaii in furtherance of Chapter 226, Hawaii Revised Statutes, as amended by H.B. No. 177, H.D. 1, S.D. 1, C.D. 1, provided that the adoption of this concurrent resolution would become effective only upon the enactment into law of H.B. No. 177, H.D. 1, S.D. 1, C.D. 1.

In 1978, the Legislature passed the Hawaii State Planning Act, Chapter 226, Hawaii revised Statutes, also referred to as The Hawaii State Plan. The Hawaii State Plan provides a long range guide for Hawaii's growth and development through the formulation of a broad framework of goals, objectives, policies, and priority directions and establishes a statewide planning system. To achieve the stated goals and objectives, the Hawaii State Plan mandates the formulation of twelve functional plans to guide the programs and activities of state agencies and to improve coordination among state, county and private sector agencies and organizations.

The current versions of the State Functional Plans have been reviewed, revised and refined through continuous public scrutiny, general public and private sector

input and debate, and ongoing review and evaluation by the twelve Functional Plan Advisory Committees and the State Plan Policy Council in which the major issues and concerns relating to the functional areas have been thoroughly discussed.

After reviewing H.C.R. No. 26, H.D. 1, S.D. 2, and the amendments made to the plan in Exhibit A, your Committee has further modified the plan by amending Exhibit A by deleting the proposed revisions to Implementing Action B(3) (e) insofar as the language in the October 1982 version of the plan more appropriately addresses an emphasis on regional sewerage systems. Your Committee further finds that there have been and may be instances where resort destination zones are designated in areas where hookups to a regional sewage system is neither practical nor desired. These situations would therefore require approved, self-contained sewage treatment facilities.

Other technical, nonsubstantive amendments for consistency have been made to Exhibit A.

Your Committee on Conference concurs with the intent and purpose of H.C.R. No. 26, H.D. 1, S.D. 2, as amended herein, and recommends its adoption in the form attached hereto as H.C.R. No. 26, H.D. 1, S.D. 2, C.D. 1.

Representatives Andrews, Hashimoto, Morgado, Nakasato,
Takamine and Jones,
Managers on the part of the House.

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

SPECIAL COMMITTEE REPORTS

Spec. Com. Rep. 1-84

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 1984, and finds that the following members are duly qualified to sit as members of the House of Representatives, to wit:

Fist 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 Gaulty
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, Crozier, Hashimoto, Lardizabal, Levin, Taniguchi, Tungpalan, Anderson and Ikeda.

Spec. Com. Rep. 2-84

Your House Committee on Health appointed pursuant to H.R. No. 593, adopted by the Regular Session of 1983, to consider strategies for health care cost containment, begs leave to report as follows:

APPROACH

Your Standing Committee on Health held a series of workshops during the summer months of 1983 at which faculty of the University of Hawaii School of Public Health and representatives from various segments of the health care industry presented information on health care cost generation, the economics of the health care industry, and strategies for health care cost containment.

In addition, through the User Liason Program of the National Center for Health Services Research, your Committee attended an intensive, three-day conference at the Sheraton Makaha Resort from November 2-4, 1983, on the subject of health care costs and cost containment. During the conference, consultants for NCHSR presented detailed information on the structure and operation of the health care industry, existing strategies for cost containment, and the findings of health care research on the efficacy of the various strategies. In addition to members of the House and Senate Health Committees, individuals representing the Hawaii Business Health Care Council, organized labor, the executive branch, and major elements of health care industry participated in the conference.

BACKGROUND

Health care costs, and hospital costs in particular, have become a matter of serious concern nationally and for Hawaii State government, dramatically increasing at rates substantially in excess of the underlying rate of inflation since the last decade. Nationally, health care costs are consuming an increasing share of the gross national product, rising in 1983 to 10.5 percent. Hospital costs, which comprise roughly 40 percent of total health care spending, have led the cost rise, with the national price index for hospital rooms increasing at roughly double the rate for the consumer price index since 1970.

These trends are having a serious economic impact in both the private and public sectors. Certain businesses in Hawaii have concluded that the cost of health care benefits for their employees is too high and increasing too rapidly. Sharp confrontations between management and labor over this issue may be expected in the near future as management seeks to reduce its exposure to health care inflation by cutting benefits. In State government, the cost of health care has also become a major issue, with the cost of the Federal-State funded Medicaid program growing from \$90.6 million in 1978 to \$165.6 million in 1983. During the upcoming fiscal year, unless the Legislature acts, Medicaid is projected to incur a shortfall of some \$39 million.

Moreover, health care costs are expected to continue to rise despite all efforts for restraint because of demographic trends in the population. The percentage of the population which is over 65 years of age in Hawaii increased from 4.6 percent in 1960 to 7.9 percent in 1980, a trend which is both continuing and accelerating. An older population will consume more health care resources.

As the fastest-growing program expenditure in the State budget, the Medicaid situation is urgent. If overall health care costs are not contained or additional funds provided, the Legislature will have to reduce Medicaid benefits or eligibility, or both, as early as the 1984 Regular Session.

Medicaid cuts, however, result in a number of unsatisfactory consequences. Cutting benefits for individuals may create a need for more costly, intensive care at a later, more advanced stage of illness. Cutting eligibility expands the population which has no health care coverage and puts health care providers at risk for providing free care. Cutting payments to providers makes providers reluctant to participate in the Medicaid program. And all types of Medicaid cuts tend to increase cost shifting, a phenomenon in which health care providers shift losses from government payors to insurance companies and private-pay patients by increasing charges to those payors.

Given the degree of inflation in health care costs, Medicaid cuts made now will probably only achieve short-term fiscal relief, requiring further cutbacks in the near future. The largest number of participants in the Medicaid program are categorically eligible persons: AFDC recipients whose AFDC eligibility confers eligibility for Medicaid. This means that to reduce the Medicaid population, AFDC eligibility requirements must be raised in order to reduce the number eligible for Medicaid, a questionable policy.

Thus, it is an urgent policy concern that the rate of growth in overall health care costs be reduced. Unfortunately, this is not easy to do.

In the abundant literature analyzing the characteristics of the health care industry, it is generally agreed that the health care industry is not price competitive, is given to inefficiencies, and is marked by skewed incentives which produce higher, not lower, costs. Rather than competing on the basis of price, hospitals compete by offering additional services and personnel, behavior which increases costs. The presence of a virtually assured payment mechanism, in the form of private insurance and government payment programs, insulates providers from the consideration of costs for even the most heroic treatment. The specter of medical malpractice litigation further prompts physicians to practice defensive medicine, ordering tests and prescribing treatments whose marginal additions to medical efficacy are dubious. Because consumers are not well-informed purchasers of care, physicians serve as proxy purchasers. Providers have the ability to generate demand, and new, expensive technology is readily and rapidly adopted.

For many years, observers of the health care industry have debated methods to change the behavior of the industry in order to contain costs. Currently, the debate centers on two major approaches, competition and regulation. In the

competitive model, which is generally favored by economists, steps would be taken to cause the industry to behave more like a free market. Strategies which have been suggested include:

- (a) Taxing health insurance benefits.
- (b) Changing health plan design.
- (c) Promoting advertising by providers.
- (d) Establishing Preferred Provider Organizations.

The boldest of the competitive market proposals, taxing benefits is the approach favored by the Reagan administration, but hotly opposed by organized labor. The idea is to tax benefits above some threshold level so consumers would be forced to make an economic decision as to whether to have more extensive coverage. Since this has never been tried, there is no evidence of its efficacy.

Changing plan design is an option commonly favored by business groups. In this approach, health insurance deductibles or co-payments would be increased to create an incentive for the insured to reduce service consumption. In Hawaii, there is a limit to how far this approach could be pursued due to the minimum benefit requirements of Hawaii Prepaid Health Care Act. Ordinarily, of course, it would be possible to amend the Act to allow plan design changes. However, when Congress approved a specific exemption for Hawaii from the mandates of the federal ERISA law, it referenced the original, 1974 Act. This means that the Hawaii Prepaid Health Care Act cannot be amended without again becoming subject to ERISA pre-emption, leaving as the only alternatives to let the Act stand as is or to repeal it, the latter an option which would not enjoy wide support at this time.

Some argue that if providers advertised their services and rates, price competition among providers would ensue. The idea has had only limited trial, so there is little evidence of its effectiveness. However, there are some aspects of the industry which raise questions about advertising's effectiveness. First, third-party payors here have noted that although there is a clear surplus of physicians in the community, physicians' fees have increased rather than declined, a fact which suggests that price competition may be weak for this group. Secondly, there may be large parts of the health care industry in which competitive pricing would not be feasible. Hospitals, whose services comprise some 40 percent of the health care dollar, frequently provide a product that is made up of many diverse elements: room and board charges, surgery, medication, personal care, and so on. It is possible that the product being sold, then, may be too diverse to effectively advertise. It is worth noting in this regard that health care cost inflation is most severe in the hospital sector, and markedly less among physicians only.

Establishing Preferred Provider Organizations is a strategy which has been used in California and other jurisdictions. A PPO is a closed panel of providers who offer a discount on fees in return for being given special preference for patronage by a large group of organized consumers. The payoff to the providers is increased volume.

A large number of PPO's are said to have been established, especially in California. In fact, however, many of them exist only on paper or are so new that there is not enough experience to rate their effectiveness. Among PPO's that have been established for longer periods, success in realizing significant savings have been mixed. It appears that a rigorous utilization review activity is important to PPO success.

Regulatory approaches to health care cost control have a more extensive track record than attempts to improve the market. Regulatory strategies include:

- (a) Certificate of Need programs.
- (b) Capital expenditure caps.
- (c) Utilization review.
- (d) Mandatory rate review.

Certificate of Need has a fairly extensive history, having originated in the 1950's for health facilities planning, then converted in the 1970's to support a regulatory approach in which new construction or services over a certain dollar value must have an approved Certificate of Need before they can be implemented. The intent is to restrain construction of plant and facilities and initiation of expensive new services to what is actually needed for adequate care.

CON is probably everybody's least favorite tool. In the first place, the enabling legislation itself is unclear because it charges health planning agencies with the task of improving access to care as well as limiting investment. There is thus a certain schizophrenia in the application of the law which comes to the fore in every controversial CON decision. Invariably, providers and community groups combine to justify the new project on the basis of need and access, and the reviewing agency is left with rather vague national facility guidelines (four hospital beds per thousand population, for instance) as its standard against which to evaluate the proposal. Powerful political forces are brought to bear in an emotional atmosphere, and not infrequently the decision of the agency is challenged in court.

Proponents of CON say that facility investment would have been considerably greater and resultant hospital costs accordingly higher had there been no CON, and that the CON process operates to scale down new construction and services to more realistic levels.

Opponents of CON insist that there are adequate market forces to restrain investment, and that CON actually increases costs because providers must make costly preparations to satisfy the CON requirements.

The hard evidence for CON effectiveness is at best mixed. In Hawaii, given the proliferation of CAT scanners and the authorization of two new hospitals in Leeward Oahu, it would be difficult to say that the program has been excessively rigorous.

One must recognize, however, that the CON mandate itself is flawed, and that cost containment has not been established as the clear goal of CON. Congress is now considering replacing the Federal enabling legislation for health planning with a block grant that would attach few strings to State programs. If this occurs, it would be possible for the Legislature to rewrite the CON law to create a process whose goal is clearly cost containment.

Although CON is not a very satisfactory tool, the continuing proliferation of high technology devices make it intuitively attractive as a safeguard against excessive capital investment, provided that the process can be given a clear direction.

Capital expenditure caps are a relatively new strategy being tried in several states in a further effort to limit investment in plant by establishing an absolute dollar figure or a percentage of revenues which can be expended for capital investment. While there has not been enough experience to judge results, plainly a capital cap could restrain spending if the limit is sufficiently rigorous. The argument against caps is that they may also restrain innovation.

Utilization review is currently practiced in various forms. Insurance companies use it to identify levels of care that depart from industry norms, and find it to be a valuable tool to prevent over-utilization. Concurrent review was the technique of the now-defunct Peer Standards Review Organization program. Pre-admission screening seeks to assess the need for admissions.

The Congressional Budget Office concluded that PSRO saved only slightly more than it cost to operate, yet Congress has authorized a new Peer Review Organization program for hospitals, and Health Care Financing Administration officials say that the new PRO will be oriented differently from PSRO. It should be noted that PSRO, like CON, had more than one objective; while it was intended to detect over-utilization, it also was responsible for quality assurance.

As for pre-admission screening, there are some reports that it does restrain hospital admissions.

Mandatory rate review has been in effect in a half-dozen States for a number of years, and in 1983 was enacted in three additional States. The individual programs differ in the methods of review and payment used, among other things, but have in common a statutory limitation on increases in hospital revenues. After

extensive study of these programs, researchers have found that once three years of operating experience have transpired, mandatory rate review programs have reduced the rate of growth in hospital costs by two to six percent annually. Although there is not a ready explanation of why the programs are not immediately effective, there is speculation that several years are needed to gain experience. There is also speculation that with the experience of the other states now providing guidance, new programs will be more immediately effective.

FINDINGS AND RECOMMENDATIONS

Health care costs are increasing at an unacceptable rate, placing the Medicaid program in fiscal jeopardy and posing a new threat to labor relations. It is essential that means be developed to slow the rate of increase in health care costs. Unfortunately, there are few proven tools to accomplish this goal. It therefore behooves the State to identify and adopt those programs that have been shown to be effective, and to establish a permanent program of cost containment within State government.

Your Committee on Health therefore recommends the following proposals for legislative consideration:

(1) A permanent cost containment agency should be established within the Department of Health, incorporating the CON process within it. The health planning law should be amended to make it clear that the function of CON is to control costs by limiting investments in plant and preventing the proliferation of costly technology.

(2) A capital expenditure cap should be considered as a further means of limiting expansion of health care facilities.

(3) An all-payers rate setting system should be established by law.

(4) The development of PPO's should be encouraged, and enabling legislation enacted if necessary.

Representatives Baker, Chun, Andrews, Apo, Hagino, Hirono, Ige, Kiyabu, Leong, Morgado, Shito, Tam, Tom, Ikeda and Jones,
Committee on Health.

Spec. Com. Rep. 3-84

Your Joint Interim Committee to Review the State's Capability to Monitor and Prevent Contamination of Water Resources by Pesticides, appointed pursuant to House Resolution No. 593 and Senate Resolution No. 41, both adopted by the Regular Session of 1983, begs leave to report as follows:

COMMITTEE APPROACH

The members of your Joint Interim Committee conducted an informational meeting on November 22, 1983, to review and assess the ability of governmental agencies to effectively and efficiently deal with the contamination of our environmental resources. The objective of this meeting was to gain a better understanding of the pesticide regulation, monitoring and enforcement procedures in Hawaii, especially with respect to the contamination of water resources, and to identify whether any legislative action is needed to improve these procedures.

The format for this informational meeting included an overview presentation of pesticide regulation, monitoring, and enforcement processes in Hawaii and follow-up presentations by individual government agencies directly involved in this process. Agency presentations focused primarily on statutory roles and responsibilities. A period for specific questions and answers followed the presentation.

Recognizing that a number of groups and organizations were interested in the proceedings and in the progress being made toward resolving the problem of pesticide contamination, representatives from many of these groups were invited to attend the meeting for their own informational purposes as well as to serve as a "resource" for Committee members, should assistance be required in clarifying or providing further information.

BACKGROUND

In recent years, several incidents of pesticide contamination have raised serious questions about the health hazards associated with the use of pesticides and the State's ability to protect the public health and safety. These include the discovery of the chemical heptachlor in the local milk supply, presence of endosulfan in locally grown watercress, and the possibility of pesticide-induced health problems among Oahu's Queen's Gate residents.

Most recently, public concern over the potable water quality of wells in the Mililani and Waipahu areas found to be tainted with insecticide-related chemicals has necessitated a number of mitigating actions. These included: the closing of several wells for drinking purposes; the provision of water wagons to supply residents with safe drinking and cooking water; the purging of contaminated wells through the use of experimental aeration towers; and a plan to drill three exploratory water wells in central Oahu to replace the contaminated Mililani wells.

While governmental agencies involved in the pesticide contamination issue pursued what each viewed as appropriate avenues of action, the distinctions regarding agency responsibilities were unclear in the eyes of the public, leading to confusion over reliability of information, testing and analysis procedures, and health and safety concerns.

During the 1983 Legislative session, several resolutions were introduced in both the House and Senate requesting that studies be conducted on the subject of pesticide contamination. These included Senate Resolution No. 41, requesting an assessment of measures that may be taken to avoid the adverse side effects of pesticides; Senate Resolution No. 85 requesting a Setlikoff Laboratory Group to conduct intensive, short-term health studies to evaluate the effects of heptachlor exposure; and House Resolution No. 44 requesting a review of the State's capability to monitor and prevent contamination of water resources and food products by pesticides and hazardous wastes.

On November 22, 1983, members of your Joint Interim Committee received testimony from several governmental agencies on their roles and responsibilities with regard to the monitoring, testing and control of pesticides in Hawaii. Those testifying included representatives of the Office of Environmental Quality Control (OEQC), Department of Health (DOH), Department of Agriculture (DOA) and the Honolulu Board of Water Supply (BWS). In addition, representatives from the University of Hawaii were also invited to testify, including the College of Tropical Agriculture and Human Resources (CTAHR), the Pesticide Hazard Assessment Project (PHAP) and the Water Resource Research Center (WRRC).

FINDINGS

The Office of Environmental Quality Control, responsible for coordinating all state governmental agencies in matters concerning environmental quality, provided an overview of the State's pesticide control system. The presentation included a review of Federal and State statutory responsibilities with regard to pesticides management, a brief discussion of the primary State and Federal agencies involved and the programs administered by these agencies. According to Interim Director, Ms. Letitia Uyehara, a significant limitation within the pesticide management system is the absence of established tolerance levels for pesticides in the environment. These tolerances serve as triggering or action levels beyond which a qualified health risk is present. The responsibility for setting these levels lies with the U.S. Environmental Protection Agency (EPA); however, the EPA presently offers little guidance for assessing the health risks of compounds found in local drinking water sources.

Your Committee finds that:

- (1) federal legislation governing pesticide usage and water quality is contained in the Federal Insecticide, Fungicide, and Rodenticide Act (FIFRA), and the Safe Drinking Water Act, both of which are administered by EPA;
- (2) data and information pertaining to a pesticide's registration, including its impact upon health and the environment is provided to EPA by the manufacturer of the pesticide, and once registered, becomes available to the state;

(3) the National Safe Drinking Water Act identifies only seven organic chemicals which implementing agencies are to explicitly monitor for;

(4) the EPA has not established any action or maximum permissible levels for the major suspect chemicals thus far found in Hawaii's groundwater sources; and

(5) in considering the cancellation of an existing registered pesticide, economic as well as environmental and health arguments are to be weighed.

Your Committee also received testimony from the State Department of Agriculture on its activities in the area of pesticide regulation. Mr. Jack Suwa, Director of the Department of Agriculture observed that a potential weakness in the pesticide monitoring system is a lack of an overall strategy to direct monitoring activities. Monitoring and testing activities have been primarily in reaction to the discovery of adverse conditions, or as special studies of limited scope. Individual program interests and priorities as opposed to systematic integration and coordination appear to have been the rule. Further, Mr. Suwa noted that, in general, program resources are deficient considering the large and diverse clientele, the opportunities for pesticide misuse, the growing public expectations for environmental quality and the increasing complexity of ecological issues and problems. Finally, Mr. Suwa emphasized that the problem of groundwater contamination by chemicals is an emerging national issue and that Hawaii's efforts at defining, assessing and dealing with the problem are among the first in the country.

Your Committee finds that:

(1) the enforcement and monitoring of pesticide use is the primary responsibility of the Department of Agriculture, which administers the Hawaii Pesticides Law (Chapter 149A, HRS) and enforces the provisions of the federal pesticide law (FIFRA); and

(2) pursuant to the Hawaii Pesticide Law, the Department of Agriculture conducts routine use inspections, investigates use complaints, and monitors the importation and marketing of pesticides, but is not statutorily responsible for any groundwater testing or monitoring.

Your Committee next heard testimony from Mr. Charles Clark, Director of the State Department of Health. Mr. Clark emphasized that the Department of Health has no role in any aspect of the use of pesticides. Rather, its primary function is to ensure that water suppliers comply with specific water quality standards under the federal Safe Drinking Water Act. Compliance is accomplished through a program of regular laboratory testing for seven organic chemicals as required under the Safe Drinking Water Act. These include four insecticides (endrin, lindane, methoxychlor, and toxaphene), two herbicides (2, 4, - D and 2, 4, 5 - TP - - commonly known as silvex) and all trihalomethanes.

There are, however, several known pesticides for which the EPA has not established any tolerance levels, nor which are dealt with in the Safe Drinking Water Act. Director Clark indicated that while the department does have the authority to independently establish tolerance levels within the State, it is reluctant to do so in the absence of any reliable health risk data. Mr. Clark's opinion is that if the EPA cannot yet determine such action levels, the Department of Health would likewise be reluctant to do so.

Your Committee finds that:

(1) as a result of the current situation at Mililani and Waipahu, the DOH has been analyzing additional water samples for pesticide contamination in order to assure proper laboratory quality control; mainland laboratory assistance is requested for confirmation when analysis occurs in the part per trillion range;

(2) the DOH is responsible for defining when a health hazard exists; such a decision is based on established tolerance levels;

(3) the DOH regulates water suppliers at all times and enforcement measures are taken when pesticide amounts violate established standards; and

(4) with respect to informing the public, whenever a public water system is not in compliance with the Safe Drinking Water Act, the public water system must notify the Department of Health, the EPA administrator, and the local media of the adverse conditions regarding the extent to which those conditions impose adverse effects on public health.

Your Committee also heard testimony from Mr. Kazu Hayashida, Manager and Chief Engineer of the Honolulu Board of Water Supply. The Board's primary responsibility with respect to the current pesticide contamination problem is to determine ways of treating contaminated water sources in order to restore water quality levels to the standards contained in the Safe Drinking Water Act. While primacy in implementing the Safe Drinking Water Act rests with the DOH, the Board of Water Supply does test and monitor its wells for the purpose of assuring that they comply with the requirements of the Safe Drinking Water Act.

Your Committee finds that:

- (1) the Board has no jurisdiction over the use, regulation, or monitoring of pesticides; and
- (2) as purveyors of water, the Board's primary responsibility is to assure that the product delivered conforms with the standards set by the Safe Drinking Water Act.

Finally, your Committee heard testimony from three representatives of the University of Hawaii. Dr. Noel Kefford, Dean of the College of Tropical Agriculture and Human Resources, discussed the manner in which the college assists the Department of Agriculture, specifically in laboratory testing and analysis of food and soil samples.

Dr. Barbara Siegel, Director of the Pesticide Hazard Assessment Project, reviewed the project's operations with respect to performing health research and providing information and education on pesticide hazards in the community.

Dr. Stephen Lau, Director of the Water Resources Research Center, concluded the presentations with testimony describing the Center's efforts to develop methods to better monitor and analyze interactions between pesticides, soils and water sources.

Based on information received from the University of Hawaii participants, your committee finds that:

- (1) pest management is an essential component of a systems approach to sustaining the contributions of agriculture in Hawaii;
- (2) a complex set of environmental and biological factors and processes affect the fate of a pesticide within an ecological system--including any accumulation within groundwater sources;
- (3) there is a lack of definitive research, and knowledge on the possible health effects of pesticides used in Hawaii, particularly at the levels which we are presently finding residues; and
- (4) while intense laboratory experimentation on animals may provide some health risk indication, results from animal testing do not accurately assess the human health risk.

CONCLUSIONS AND RECOMMENDATIONS

Your Committee finds that an increasing number of incidents of pesticide contamination, across the nation as well as in Hawaii, have raised serious questions about the health hazards associated with the use of pesticides and the capabilities of governmental agencies to effectively deal with its effects upon environmental resources and human health. Your Committee agrees that the issue involves a large and diverse clientele, the existence of opportunities for pesticide misuse, a growing public expectation for environmental quality, a lack of substantive knowledge and information on pesticide use and impacts, and the increasing complexity of ecological issues and problems.

Your Committee believes that a collective effort is necessary to improve the state's capabilities in monitoring and preventing contamination by pesticides and other potentially hazardous chemical elements. Your Committee further believes that certain steps can be taken at the state level to improve the state's pesticide management system. These are listed below.

I. Contamination Prevention

Groundwater pollution is often not recognized until a significant portion of the aquifer has become contaminated, and once contaminated, recovery may take years and can be difficult and expensive. To ensure greater emphasis on the prevention of groundwater contamination, your Committee recommends the following:

A. Increased state support and encouragement should be placed on the development and application of non-chemical means of pest management including biological control, the breeding of disease resistant crop plants, and other integrated pest management alternatives.

B. Under the coordination and guidance of the OEQC, a balanced set of studies of potentially toxic and hazardous pesticides used in Hawaii should be conducted or continued to determine their movement and fate in soils, potable water sources, animal feed, and food products.

C. Under the coordination and guidance of OEQC, all state agencies or departments which currently maintain responsibilities in pesticide usage or water quality should immediately review past studies on pesticide contamination and implement those recommendations which are still applicable.

II. Monitoring Practices and Procedures

Monitoring efforts have generally been inadequate in both scope and area of coverage, and do not necessarily describe the full extent of groundwater contamination. To improve these efforts, your Committee recommends the following:

A. Under the coordination and guidance of OEQC, all aquifers and surface water sources in the state should receive systematic and focused monitoring from DOH and the county Boards of Water Supply for locally suspected pesticides and chemical by-products, regardless of whether they are used as drinking water sources. Standard procedures for analytical sampling and testing should be established and conducted by public and private laboratories.

B. Monitoring priority should be given to potable aquifers and surface water sources.

C. The University of Hawaii Water Resources Research Center should conduct research to measure and analyze present pesticide levels and to determine the effectiveness of water purification technologies.

III. Information Collection and Dissemination

To improve the State's data base on pesticide application trends and natural dissipation processes, and to remedy mixed or confusing informational and educational reports from government agencies to the public, your Committee recommends the following:

A. Under the coordination and guidance of OEQC, the Department of Agriculture should continue to develop, compile, and maintain a data base of historical and current pesticide use patterns and practices to assist in identifying areas where groundwater contamination resulting from the field application of pesticides is most likely to occur. This task should receive high priority due to a decrease in the amount of EPA funds currently supporting this program. Further, DOA and DOH should jointly establish a manifest (cradle-to-grave) system for pesticides, toxic and hazardous substances.

B. The Office of Environmental Quality Control, in conjunction with the Governor and Hawaii's congressional delegation, should continue efforts to obtain information and data on the use of pesticides and related hazardous and toxic substances by the U.S. military.

C. The Legislature should be notified by DOA whenever a pesticide registration exemption in Hawaii is applied for or requested from the EPA.

D. Under the guidance of the Office of Environmental Quality Control, a contingency plan to assess the State's preparedness and ability to effectively respond to possible emergency or crisis situations involving pesticides or other toxic and hazardous substance should be undertaken. This plan could include practice drills of the communication and information networks of the involved

agencies and recommendations for improving and coordinating public informational and educational efforts.

IV. Health Risks and Assessment

Despite greatly improved analytical testing and monitoring techniques, which have led to a vastly increased number of pesticide findings in the environment, your Committee finds that there is a lack of substantive knowledge on the health risks associated with exposure to or consumption of such contaminants, and therefore recommends the following:

A. Request the U.S. Congress to mandate that the appropriate federal agencies immediately begin toxicological evaluations to quantify the health risks of known pesticides and related toxic and hazardous chemicals in order that maximum permissible levels can be defined and established.

B. Urge the federal Environmental Protection Agency to strengthen federal pesticide registration information requirements with respect to their long term health effects.

C. The OEQC should seek ways and means to assess and compare the risks associated with the contamination of water and food products by pesticides in cooperation with or in place of federal efforts.

D. The University of Hawaii Pesticides Hazard Assessment Project of the Pacific Biomedical Research Center should conduct research on pesticides in the environment and their effects on humans, such as the toxicity of pesticides in soils and the heptachlor content in milk and its effects on pregnancy, birth defects, and early childhood.

V. Interagency Coordination and Statutory Integration

To provide for central coordination of the responsibilities of regulating, monitoring, and enforcing pesticide usage and water quality, and to integrate pesticide and water quality laws in order to enhance the operating effectiveness of state agencies involved in environmental management, your Committee recommends the following:

A. Request the Legislative Reference Bureau to conduct a study to determine the feasibility, organizational structure, and requirements for establishing a State Environmental Protection Agency. As recommended by the February, 1977, State of Hawaii Reorganization Plan and by a review of 31 states which have established state EPAs, the Agency's responsibilities would be to coordinate and address all matters of environmental quality.

B. Prior to determining the feasibility of a State Environmental Protection Agency, the Office of Environmental Quality Control should assume the lead role in coordinating all agencies involved in the prevention, monitoring and mitigation of groundwater contamination.

The OEQC is presently authorized under HRS §341-4 to coordinate all state governmental agencies in matters concerning environmental quality, including: conducting research or arranging for the conduct of research in environmental matters; recommending programs for long-range implementation of environmental quality control; recommending environmental legislation as necessary; and initiating public educational programs. OEQC's capability to function as the designated lead agency in this area, however, has been limited by a lack of resources.

In order that OEQC may proceed to implement the various recommendations herein which provide for a coordinating, guidance, and central agency role, the following should be pursued:

1. OEQC should be statutorily granted coordinative and public information powers with respect to all pesticide related environmental and health matters. This authorization should include, but not necessarily be limited to, the authority to:

a. Seek out and hire individuals from various disciplines including at least 1 contract-hired Environmental Toxicologist.

b. Fill 2 existing Planner III positions and convert 1 existing Planner III to a Planner IV position.

c. Receive grants and contract services.

d. Serve as the central office for information dissemination on pesticide related issues.

e. Seek help from various community groups and the private sector to conduct workshops and engage in other activities for information gathering and dissemination.

C. Establish an Advisory Committee on Pesticide Management to be appointed by the Governor and to include representation from government, industry, environmental and community groups, and the University of Hawaii. This Advisory Committee should be advisory to OEQC.

D. Under the direction of the Office of Environmental Quality Control, each government agency or department with a responsible role in pesticide usage or water quality should prepare a Pesticides Action Plan which clearly defines its responsibilities, needs, and procedures for preventing or mitigating pesticide-related contamination.

E. Request the Legislative Reference Bureau to study possible revisions to Hawaii's pesticide and water quality statutes and regulations to provide for greater integration and definition.

Your Joint Interim Committee to Review the State's Capability to Monitor and Prevent Contamination of Water Resources by Pesticides is in accord with the findings and recommendations contained herein and transmits this report for your consideration.

Representatives Okamura, Baker, Bunda, Chun, Kiyabu-Saballa, Matsuura, Menor, Nakata, Say, Takamine, Dang and Isbell,
Committee from the House.

Senators Hagino, Aki, Cayetano, Chang, Kawasaki, B. Kobayashi, Kuroda, Machida, Toguchi, Ajifu, Henderson and A. Kobayashi,
Committee from the Senate.

Spec. Com. Rep. 4-84

Your Committee on Human Services and your Committee on Finance appointed to receive information on alternative methods used by other states to generate revenues for programs in child and family violence prevention, protection, and treatment pursuant to House Resolution No. 593, adopted during the 1983 Regular Session, beg leave to report as follows:

Approach Taken

A joint interim informational committee meeting was held in Room 314 of the State Capitol on Thursday, January 5, 1984, at 9:00 a.m. To assist the Committees in their review, the Department of Social Services and Housing, the Department of Taxation, the Department of Health, the Office of Children and Youth, the Hawaii Chapter of the National Committee for the Prevention of Child Abuse, the Children's Protective Services Advisory Council of Oahu, and other interested agencies were invited to provide information relating to innovative methods used by other states to fund child and spouse abuse programs.

Background

Reported cases of family violence, which includes child abuse and neglect and spouse abuse, have increased substantially in recent years, overloading the current protective services system. At the same time, federal Title XX funds, which are a primary source of support for child abuse and neglect services, have been reduced by the Reagan administration. Due to fiscal constraints, the State of Hawaii is unable to replace the lost funds, in their entirety, from general revenues.

Recognizing the vital importance of family violence prevention, protection, and treatment programs and limited program funding, your Committees therefore proposed to examine innovative funding methods used by other states to ensure that an adequate level of resources for these programs are provided. House Resolution No. 490, 1983, which was referred to the Committee on Legislative Management following its approval by the Committee on Human Services, provides a reference for the interim hearing conducted by your Committees.

Findings

Of the many agencies which testified at the public hearing, most voiced support for establishing a voluntary contribution check-off on individual income tax returns by which a designated amount beyond a person's tax liability could be contributed towards a trust fund for child abuse programs. This alternative fund-generating method for child abuse programs is currently practiced by five states: Michigan, Louisiana, Illinois, Missouri, and Alabama.

The Hawaii Chapter of the National Committee for the Prevention of Child Abuse provided detailed testimony on the use of the income tax check-off method, particularly when used to build a trust fund for child abuse programs. It identified several advantages of establishing a Children's Trust Fund: (1) it provides flexibility needed to accommodate individual state laws and conditions; (2) it generates new revenue sources for such programs, thus relieving pressure on State social service budgets; and (3) it provides public commitment for continued funding of child abuse and neglect programs. The Hawaii Chapter further recommended utilizing the Hawaiian Foundation, a public charitable foundation, as the manager of what would hopefully become a permanent endowment for child abuse programs using funds derived by the income tax check-off. The Hawaiian Foundation would administer the trust fund and disburse funds to pertinent programs based on the recommendations of an advisory committee composed in part of members of governmental agencies involved in child abuse and family violence.

The Governor's Office of Children and Youth also submitted detailed testimony expressing caution on the establishment of a Children's Trust Fund, citing: (1) the loss of flexibility in allocating the resources channelled into the Trust Fund according to statewide needs; (2) the possibility that new revenue generating measures may take away revenues that current taxes or fees are or should be collecting; (3) the possibility the new revenue sources would be inadequate for the intended purposes; and (4) whether the cost of administering the new revenue generating method would be efficient or cost-effective. The Office recommended establishing child abuse public education program funded by higher marriage license and divorce filing fees, expending funds thereby derived through the general fund.

Finally, your Committees note that the Department of Taxation testified in opposition to the use of any income tax check-off system, citing the confusion it would create among taxpayers, the drop in revenues generated after its introduction as experienced in other states, and the precedent such a system will set for other worthy and charitable causes.

Your Committees will assess the information and arguments collected at their public hearing and intends to consider new legislative proposals in this area during the 1984 Regular Session. Your Committees view the funding of child abuse and neglect programs as meriting the highest attention of the Legislature, and hope that concrete steps toward assuring the continuation of funding for child abuse and family violence programs will be achieved in the coming session.

Representatives Ige, Leong, Andrews, Apo, Baker, Chun, Hagino, Hirono, Kiyabu, Morgado, Shito, Tam, Tom, Ikeda and Jones,
Committee on Human Services.

Representatives Kiyabu, Kawakami, Bunda, Chun, Crozier, Graulty, Levin, Morgado, Nakata, Souki, Tam, Wong, Yoshimura, Anderson and Isbell,
Committee on Finance.