

## STANDING COMMITTEE REPORTS

## SCRep. 1 Finance on H.B. No. 2

The purpose of this bill is to authorize funds for the expenses of the Legislature up to June 30, 1986, and also for the expenses of the Legislative support agencies during the 1985-86 fiscal year.

After due consideration of the needs of the Legislature and the legislative support agencies, your Committee has amended the bill to provide specific appropriations as follows:

SENATE AND HOUSE OF REPRESENTATIVES

The amount appropriated for the Senate is \$2,475,524 and the amount appropriated to the House of Representatives is \$3,213,695. Your Committee finds that the amounts are necessary to meet operating costs of the Legislature covering such items as equipment, supplies, staff services and other fundamental expenses.

LEGISLATIVE AUDITOR

Your Committee approves the appropriation of \$1,483,000 to meet the basic operating budget of the Office of the Legislative Auditor. The amount includes funds for special studies and other purposes to be jointly determined by the Speaker of the House of Representatives and the President of the Senate.

STATE ETHICS COMMISSION

Your Committee approves the appropriation of \$179,012 to the State Ethics Commission.

LEGISLATIVE REFERENCE BUREAU

Your Committee approves the appropriation of \$1,437,125 for the Legislative Reference Bureau. The total includes \$64,900 for the land evaluation and site assessment commission which is attached to the Bureau for administrative purposes by Act 273, Session Laws of Hawaii 1983.

OMBUDSMAN

Your Committee approves the appropriation of \$380,350 for the Office of the Ombudsman.

LAPSE OF FUNDS

Appropriations under this bill are subject to lapse as of June 30, 1986.

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

Signed by all members of the Committee except Representative Nakata.

## SCRep. 2 Planning, Energy, and Environmental Protection on H.B. No. 79

The purpose of this bill is to effectuate the title of this bill.

H.B. No. 79 was introduced as a short-form bill, which is sometimes referred to as a "vehicle" bill, primarily used for convenience to introduce a bill containing only a general idea as to its purpose and means without specific details in long form. Your Committee has amended the bill to provide the substantive contents of the bill, in long form so that a public hearing may properly be held on its substantive provisions. Without the amendment providing the substantive contents, members of the public cannot be duly apprised, in advance of the hearing, as to what the bill specifically purports to do and the specific means by which it intends to achieve the desired results. Thus, a hearing on a short form bill may not be helpful, and a notice thereof could be less than meaningful.

Your Committee on Planning, Energy and Environmental Protection is in accord with the intent and purpose of H.B. No. 79, as amended herein, and recommends that it be recommitted to the Committee on Planning, Energy and Environmental Protection, for the purpose of holding a public hearing thereon, in the form attached hereto as H.B. No. 79, H.D. 1.

Signed by all members of the Committee except Representatives Crozier and Shon.

SCRep. 3 Consumer Protection and Commerce on H.B. No. 39

This bill would extend the provisions of Act 153, SLH 1983, relating to the deposit of a portion of fees into a special fund authorized by Section 416-97, Hawaii Revised Statutes, for a period of three years until June 30, 1988. This bill would also provide for the expedited review of documents relating to foreign corporations, partnerships, trademarks, service marks and trade names through the assessment of special handling fees.

Your Committee finds that the additional staff hired through the special fund has helped the division reduce the backlog documents from three months to three weeks. Though the impact of the special fund has been dramatic, additional time is necessary to fully evaluate the effect of the special fund staff. The newest employees from the special fund have just completed their training and we are just now learning what the effect of the fund will be.

Accordingly, any current benefits to the division achieved by the special fund monies will quickly disappear if the fund expires on June 30 of this year. All the work being handled by the special fund staff would have to be reallocated to the permanent staff. This would result in a backlog of 12 to 14 weeks for the processing of documents.

Your Committee also finds that no special handling is available for a number of other documents which include limited partnership amendments, general partnerships, trademark, trade name, service marks, and some corporate documents. Persons filing these documents are subject to the three week regular processing and have often requested the special handling be applied to these documents as well. Oftentimes when the division's staff cannot process these documents in a time period satisfactory for these people, the public usually becomes upset and angered and tend to vent their frustrations upon the division's personnel.

Accordingly, the provision in the statutes to include a special handling fee for these partnership, trademark, trade name, service mark and other corporate documents would preclude undue tension between the public and the division's personnel. No current justification exists for allowing the more favorable treatment of corporations or limited partnerships over other business entities.

Finally, your Committee has amended the bill by making a technical, non-substantive revision to line 12 of page 2 of the bill.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 39, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 39, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 4 Consumer Protection and Commerce on H.B. No. 37

The purpose of House Bill No. 37 is to amend Section 26-9(m), Hawaii Revised Statutes, to extend the expiration date of the Compliance Resolution Fund (CRF) from July 1, 1987 to July 1, 1997.

The Compliance Resolution Fund was created by the legislature in 1982 as a result of a study by the Legislative Auditor entitled "Evaluation of the Professional and Vocational Licensing Division Program of the Department of Regulatory Agencies."

The Legislative Auditor found that the program was generally unresponsive to consumers, and the investigation and resolution of complaints were marked by

unnecessary delays and probable bias by some boards. The auditor further determined the causes of poor performance were due to the general make up of the boards, the refusal of boards to delegate the various complaint-handling functions and tasks to staff, duplication of work, the lack of manpower and the lack of uniform and meaningful standards, policies, duties and practices in the handling of consumer complaints.

After the enactment of the Compliance Resolution Fund, in the summer of 1982, extensive organization plans, procedures, policies and hiring of personnel was implemented to initiate the intent of the CRF within the Regulated Industries Complaints Office (RICO) of the Department of Commerce and Consumer Affairs.

RICO, through the CRF and other legislation, was charged with the duty of handling consumer complaints from their inception to their resolution, whether that resolution was through settlement, dismissal or a formal disciplinary hearing. The more than forty boards, commissions and programs that RICO serves delegated their authority to receive, investigate and prosecute errant licensees to that office. These boards and commissions retained the right to accept or reject the negotiated settlements or findings of formal disciplinary hearings and the penalties in connection with those findings. This system has eliminated many of the delays found by the Legislative Auditor as expressed in his 1982 audit.

From September 1982 through December 1982, the RICO legal staff received 517 cases covering a 4-year backlog of complaint investigations that were being held for resolution by various agencies, boards and offices.

RICO testified that this 4-year backlog and new cases received were reduced to an average 18-months resolution time within 2 years of the CRF's operation. By November 30, 1984, the legal staff had completed action on 81 percent of the 1,314 cases it had received since its inception.

Your Committee feels that consideration for extending the repeal date at this time is essential in order that the collection of fees for the CRF have continuity. Renewal of most regulated programs is on a biennial basis. Waiting to review the repeal of the CRF any later than 1985 would cause problems in the collection of CRF fees as early as the 1986 biennial renewal period. Those regulated programs which renew their licenses after July 1, 1986 could not be assessed for the second year (1987/88 FY) because the CRF by law would not be considered in effect. This could have a serious effect on the services being rendered to the consuming public, since a lack of funds would mean a cut in personnel.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 37 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 5      Water, Land Use, Development and Hawaiian Affairs on H.B. No. 208

The purpose of this bill is to amend Chapter 206E, Hawaii Revised Statutes, by authorizing the Hawaii Community Development Authority to issue \$15,000,000 of revenue bonds in order to finance the development of public facilities.

Chapter 206E requires the Authority to plan, locate, and develop public facilities in the Kakaako Community Development District. One plan is the use of revenue bonds to finance the development of public parking structures and other necessary public facilities in order to encourage and stimulate major private development in the District.

According to testimony, the Authority currently lacks sufficient economic resources to provide public parking structures in Kakaako. Your Committee is in agreement that the Authority should be provided with the needed flexibility to finance projects.

Your Committee is also of the opinion that the use of revenue bonds for the purposes outlined in the bill should be for "public purposes". Therefore, your Committee, as suggested by the State's bond counsel, recommends amending the bill to include a declaration of what constitutes "public purposes" for the purpose of this bill. Therefore, the bill has been amended by relabeling the proposed new sections 206E-200 to 206E-207 as 206E-200 to 206E-208, beginning with 206E-200 as

"Findings and declarations", as follows:

"§206E-200 Findings and declarations. The Legislature finds and declares that the health, safety, and general welfare of the people of the State require that every opportunity be taken to assist the redevelopment of community development districts; that because of their location within or proximity to the urban core, the redevelopment and revitalization of these districts will alleviate community needs for employment, housing, parks, open space, and commercial and industrial facilities; that a significant deterrent to redevelopment is the cost of public facilities; that interest rates on moneys necessary to finance such public facilities add significantly to the cost of such facilities and that more favorable interest rates would be available through the issuance of tax-exempt bonds; and that the availability of revenue bonds to finance the cost of public facilities will facilitate redevelopment of community development districts.

"The Legislature further finds that the powers conferred, the issuance of revenue bonds, and the expenditure of public moneys under this Act constitute a serving of a valid public purpose, and that this enactment is in the public interest and is so declared as an express legislative determination."

Your Committee on Water, Land Use, Development and Hawaiian Affairs is in accord with the intent and purpose of H.B. No. 208, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 208, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 6 Water, Land Use, Development and Hawaiian Affairs on H.B. No. 219

The purpose of this bill is to amend Section 39A-151, Hawaii Revised Statutes, as amended, by allowing the issuance of special purpose revenue bonds to finance the development of private parking structures in the Kakaako Community Development District.

The Kakaako Community Development Plan requires developers to provide a minimum amount of parking stalls for private enterprise. This requirement may be a deterrent to redevelopment in the area, since parking revenues may not be sufficient to offset the high cost of developing parking facilities.

However, the redevelopment of Kakaako can be fostered with the help of the State through the issuing of special purpose revenue bonds for the private parking structures. Moreover, Part V of Chapter 39A, Hawaii Revised Statutes, authorizes the Director of Finance to issue special purpose revenue bonds to finance industrial enterprises. The State's bond counsel questions whether Part V can include bonds for parking facilities. Consequently, this bill addresses the bond counsel's concern to amend the definition of "projects" under Part V to include parking facilities.

Your Committee on Water, Land Use, Development and Hawaiian Affairs is in accord with the intent and purpose of H.B. No. 219 and recommend that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 7 Water, Land Use, Development and Hawaiian Affairs on H.B. No. 209

The purpose of this bill is to enable the county governments in Hawaii to undertake a tax increment financing program wherein a county may establish tax increment districts, commit certain real property taxes, and issue tax increment bonds for the financing of public improvements in redevelopment districts.

Your Committee finds that the State of Hawaii may benefit significantly from tax increment financing as a supplement to the traditional method of general obligation bonds for raising funds for capital improvement projects. However, your Committee is of the opinion that tax increment financing must not result in adverse financial impact on any county and its redevelopment agency to repay bonds. Normal inflationary increases in property taxes and costs of providing additional county services for new projects developed within a designated redevelopment district should be considered as recompense to the county government. Your



Committee is in agreement that the bill provides for this compensation by authorizing the county director of finance to establish an adjustment rate, or rates, that will allocate the tax increment amounts so that the county may be compensated not only for the base amount but also for inflationary increases and projected cost increases for servicing new developments in the tax increment district.

Your Committee received testimony from Hawaii Redevelopment Agency, County of Hawaii, requesting that page 9, following line 16, of the bill be amended by allowing the county council to irrevocably waive any or all parts of the adjustment rate, or rates. Your Committee is of the opinion that inflationary increases and projected cost increases for servicing new developments in the tax increment districts would become a financial burden on the county, unless the county general fund is recompensed. Your Committee therefore recommends that the sub-section (B) on page 9 remains intact.

Your Committee on Water, Land Use, Development and Hawaiian Affairs is in accord with the intent and purpose of H.B. No. 209 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 8      Judiciary on H.B. No. 98

The purpose of this bill is to provide an appropriation of \$636,900 to the Legislative Reference Bureau to publish replacement volumes of the Hawaii Revised Statutes.

The bill would authorize the 1985 Supplement to be suspended so the Legislative Reference Bureau can prepare an update of the Hawaii Revised Statutes through 1985 and to produce the replacement volumes as soon as possible. The bill also provides that the unexpended or unencumbered balance of any funds appropriated shall lapse into the general fund in June 30, 1988.

Your Committee received testimony from the Director of the Legislative Reference Bureau that the present supply of the Hawaii Revised Statutes should be exhausted within a year and therefore more volumes must be reproduced. The Director also stated that due to the numerous amendments the supplements have become almost as thick as the bound volumes. The Director estimates that the republication project will take three years to complete.

The Director further testified that the Lieutenant Governor's Office would be in charge of distribution and sale of the new edition and that receipts from the sale of the new edition would be deposited into the General Fund.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 98 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 9      Judiciary on H.B. No. 99

After careful examination, your Committee finds that the Judiciary's biennial budget is clearly and comprehensively presented as required by law. The budget and testimony received by your Committee thoroughly document the needs and requirements of the Department. The bill asks for a seventeen percent increase over the Judiciary's spending ceiling.

Your Committee believes this request is justified and the additional expenditures are necessary for providing fair and swift justice in Hawaii.

Last year, the Judiciary successfully expedited the first circuit backlog delay. This effort, which started in October, 1983 has produced dramatic results. The pending civil caseload, once at 14,250 cases, was reduced almost in half to the present 7,500. In criminal cases the Judiciary reduced the number of days of total case processing time from 383 days to 160 days, thus complying with the Federal speedy trial requirements. However, in reallocating resources, the Judiciary deferred all permanent positions for that year. Thus, this bill represents required needs that were delayed in the past.

Your Committee upon close examination finds that the Judiciary is experiencing a massive increase in caseload and the corresponding record keeping. This trend of increased judicial activity is not unique to Hawaii. In response, your Committee finds that the requested new clerical and support staff positions are warranted. In addition, the Judiciary is responsible for maintaining those facilities where it is the sole occupant. Thus, janitorial and maintenance services once provided by the Department of Accounting and General Services must be provided by the Judiciary.

Concern by your Committee members was voiced over the large increase in staff in the Sheriff's office. It is the understanding of your Committee that the Judiciary transfers prisoners between Oahu Community Correctional Center (OCCC) and the courts in the early morning so court may commence at 8:30 a.m. Furthermore, since on many occasions court proceedings continue late in the day, the Judiciary needs personnel to return prisoners to OCCC after 4:30 p.m. It is your Committee's understanding that DSSH lacks the personnel to make all the timely transfers.

Your Committee finds that the Judiciary is currently being taxed far beyond its present capacity. Necessary services of the Judiciary are at less than ideal levels. Investigative and supervision caseload for probation services, as well as social workers, are considerably above national guidelines for these activities.

In addition to the stress placed upon the Judiciary's support services, all of Hawaii's courts have seen dramatic increases in caseload activity. The Family Court alone has seen an additional 15,000 cases over the last three years. This, in addition to expanded jurisdiction of the Family Court as mandated by legislation, necessitates an additional three judges to the Court.

The Judiciary continues to supply your Committee excellent data on program analysis and progress. Sizable gains have already been made in speeding up the execution of justice in Hawaii. The continuation of these advancements depends upon full and fair funding of the Department.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 99, and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 10      Agriculture on H.B. No. 60

The purpose of this bill is to appropriate funds, to be matched dollar-for-dollar by the Hawaii Sugar Planters' Association, for sugar research and development.

Your Committee has received testimonies in support of this bill from the Chairman of the Department of Agriculture; the Dean of the College of Tropical Agriculture and Human Resources, University of Hawaii; the Chairman of the Governor's Agriculture Coordinating Committee; and the Director of the Hawaiian Sugar Planters' Association Experiment Station.

Your Committee finds that the sugar industry is a vital component of the State's economic base and that failure of this industry would have widespread detrimental effects on the economy of the State.

Your Committee also finds that past research efforts on the development of disease-resistant and high yielding varieties of cane have greatly benefited the industry and have been directly responsible for helping maintain industry profitably in this period of depressed prices. Continued efforts in these and related areas of research are considered essential to the future viability of Hawaii's sugar industry.

As received by this Committee, the amount to be appropriated by this bill was not specified. Your Committee, therefore has amended this bill by inserting the sum of \$2,750,000.

Your Committee on Agriculture is in accord with the intent and purpose of H.B. No. 60, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 60, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

## SCRep. 11      Agriculture on H.B. No. 62

The purpose of this bill is to appropriate funds through the State Department of Agriculture to the Pineapple Growers Association of Hawaii, on a dollar-for-dollar matching basis, for the promotion of Hawaiian fresh pineapples.

Your Committee finds that the effectiveness of the Hawaiian fresh pineapple promotion program financed by matching funds from the State and the pineapple industry is evidenced by the 25 percent improvement in industry income since the beginning of the promotional program in 1982.

Your Committee also finds that despite the success of the program thus far, significant potential for greater market penetration within the west coast mainland states, and market expansion to other western states currently exists. Continuation of this marketing effort is necessary to generate greater public awareness and to improve the stability of the pineapple industry.

Your Committee is concerned, however, that the limiting factor to the growth of the pineapple industry in Hawaii may in fact be the costly and extensive damage done by the root-knot and reniform nematodes. While research to find effective ways to combat nematode damage is continuing, your Committee believes that additional funding assistance may be required. As such, your Committee believes that research in this area is of utmost priority and that any unexpended promotional funds contributed by the industry should be redirected to research efforts on cultural and biological means of reducing the nematode population.

As received by this Committee, the amount to be appropriated by this bill was not specified. Your Committee, therefore, has amended this bill by inserting the sum of \$200,000.

Your Committee on Agriculture is in accord with the intent and purpose of H.B. No. 62, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 62, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

## SCRep. 12      Agriculture on H.B. No. 65

The purpose of this bill is to provide funds to support statewide agricultural activities including pesticide education programs for farmers, commodity group research, the State Farm Fair, research on spotted wilt, research on biological control under glasshouse conditions, and research on fumigants and nonvolatile nematocides as well as cultural and biological measures to control and reduce nematode populations.

Your Committee finds that the pesticide education program for farmers has been highly successful and that continuation of the program will help to ensure the safe and effective use of pesticides. Your Committee also finds that commodity group research, an on-going program of the Hawaii Farm Bureau Federation to organize farmers producing similar commodities in order to improve their production scheduling and marketing, has been very successful in developing and promoting Hawaii's diversified agricultural products. Your Committee believes that continued support for these two programs as well as for the State Farm Fair will increase the production and marketability of Hawaiian produce.

Your Committee also finds that the spotted wilt virus is causing serious damage to a wide variety of crops, including tomatoes, lettuce, peppers and celery. Research on methods to control and manage the spotted wilt virus is needed since currently available insecticides have proven to be ineffective.

Your Committee further finds that greenhouse agricultural operations hold significant potential for expanding diversified agricultural production in Hawaii. Your Committee finds, however, that specific research on the biological control of pests under these unique conditions is required to further develop this promising technique.

Your Committee also finds that nematode control is of primary concern to growers of pineapple and other plant crops. Today, the root-knot nematode and the reniform nematode are considered the major limiting factors in the production of

pineapple in Hawaii. Soil fumigation has been the standard method of control since the 1940's. However, the registrations of many fumigants, including EDB and DBCP, have been cancelled by the U.S. Environmental Protection Agency. The remaining fumigant, Telon, may be ineffective against the reniform nematode under certain conditions. Your Committee believes, therefore, that effective and alternative measures should be sought to reduce nematode infestations through research on fumigants, non-volatile nematicides, improved cultural practices and the utilization of biological control organisms.

Your Committee has amended this bill by increasing the total appropriation for fiscal year 1985-1986 from \$303,500 to \$338,500 and by deleting all appropriations for the fiscal year 1986-1987. Specifically, your Committee amended item five by replacing the word "glasshouse" with the more common term, "greenhouse", and by raising the appropriation for this item from \$5,000 to \$25,000.

Your Committee also amended item seven, research on cultural and biological measures to reduce nematode populations, by increasing the appropriation for fiscal year 1985-1986 from \$85,000 to \$100,000. Technical, non-substantive amendments to the bill were also made.

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

Signed by all members of the Committee.

SCRep. 13      Housing on H.B. No. 272

The purpose of this bill is to amend provisions relating to the notification of change in restrictions on use, sale and transfer of Hawaii Housing Authority (HHA) dwelling units.

Section 359G-9.4, HRS, sets forth specific requirements regarding notification by HHA (or any other State department or county housing agency) to all purchasers of any change in "buy-back" restrictions made by law, ordinance, rule or regulation. The statutes, however, are unclear as to how such notification must be made.

The Hawaii Housing Authority testified that in the past, its staff mailed out letters to all purchasers, informing them of any changes made to the buy-back provision. This has been a very costly process, involving not only postage expenses, but many man-hours of labor, as well.

Your Committee supports the procedure set forth in H.B. 272 which would require the publication of such a change in a newspaper of general circulation for State agencies and in county newspapers for county agencies. This notification would be published a minimum of three times, and would be required only when there are substantial changes or amendments to the buy-back provisions. This would be a much more efficient and less costly method of notification than through written correspondence to each individual purchaser.

Your Committee on Housing is in accord with the intent and purpose of H.B. No. 272, and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Grauly, Hirono, Kiyabu and Morgado.

SCRep. 14      Housing on H.B. No. 353

The purpose of this bill is to amend Section 666-3, Hawaii Revised Statutes, by deleting obsolete reference to Section 727-1 and incorporating into Section 666-3, Hawaii Revised Statutes, the general definition of "common nuisance".

Your Committee finds that Section 666-3, Hawaii Revised Statutes, provides for the forfeiture of certain tenancies where the tenant creates or causes a common nuisance and refers to Section 727-1, Hawaii Revised Statutes, for the definition of common nuisance. Section 727-1, Hawaii Revised Statutes, was repealed in 1972

and not replaced by any other section defining common nuisance. Therefore, reference to this section in Section 666-3, Hawaii Revised Statutes, is obsolete; and this bill would provide for a definition of common nuisance in Section 666-3.

Your Committee on Housing is in accord with the intent and purpose of H.B. No. 353 and recommends that it pass Second Reading and be referred to the Committee on Judiciary.

Signed by all members of the Committee except Representatives Grauly, Hirono, Kiyabu and Morgado.

SCRep. 15      Housing on H.B. No. 260

The purpose of this bill is to correct overbroad language in the statutes regarding general excise tax exemptions for persons and firms involved with the production of low- and moderate-income housing.

During the 1983 legislative session, the State Legislature passed H.B. 1061, H.D. 1, (Act 223, SLH 1983), which provided general excise tax exemptions to persons and entities who contribute toward the development, construction, or occupancy of government assisted housing. The law, which previously provided this exemption to include all participants who contribute toward planning, design, financing, construction, sale, lease or rental management of government assisted housing.

The intent of Act 223, SLH 1983, was to provide an economic incentive to the private sector to encourage the building of new housing projects. The Hawaii Housing Authority, however, testified that its staff received numerous telephone inquiries indicating that the statutes as currently drafted would allow existing government assisted projects (most of which are receiving Section 8 subsidies) with a financial windfall without any corresponding benefits accruing to the projects' present tenants, nor to any governmental body.

This bill clarifies the intent of the general excise tax waiver, and narrows its scope to the following types of projects:

- 1) Newly constructed or rehabilitated projects developed with Hawaii Housing Authority or county assistance; and
- 2) Existing low- and moderate-income housing projects receiving government assistance and which rents and operations are controlled under a regulatory agreement with a governmental body, provided such projects are approved and certified by the Authority on an annual basis.

Existing projects with profit-motivated mortgagors would not be provided any tax exemptions under these amendments. Rental management firms would also be excluded because their services do not necessarily contribute toward lowering the purchase price of newly constructed units or toward lowering tenants' rents.

Favorable testimony on H.B. 260 was received from the State Department of Taxation and the Hawaii Housing Authority.

Your Committee on Housing is in accord with the intent and purpose of H.B. No. 260, and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Grauly, Hirono, Kiyabu and Morgado.

SCRep. 16      Human Services on H.B. No. 50

The purpose of this bill is to appropriate funds to expand the Nursing Home Without Walls Demonstration Project.

Your Committee finds that the Nursing Home Without Walls Demonstration Project has been successful in its first two years and your Committee believes that the project should be expanded to include the Neighbor Islands.

As received by your Committee, the amount appropriated by this bill was unspeci-

fied. Your Committee therefore has amended the bill to insert the sum of \$975,080 for fiscal biennium 1985-1987.

Your Committee on Human Services is in accord with the intent and purpose of H.B. No. 50, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 50, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Hirono, Kiyabu and Morgado.

SCRep. 17      Human Services on H.B. No. 49

The purpose of this bill is to expand to the Neighbor Islands cost-effective, long term, essential home care services, to Medicaid-eligible patients, through the Nursing Home Without Walls Demonstration Project ("Project").

Your Committee heard testimony on H.B. No. 49, entitled "A BILL FOR AN ACT RELATING TO CARE FOR THE ELDERLY", and H.B. No. 273, entitled "A BILL FOR AN ACT RELATING TO HOME CARE SERVICES", at the same hearing. While H.B. No. 49 provided for the expansion of Nursing Home Without Walls to the Neighbor Islands, H.B. No. 273 provided for the re-enactment of Nursing Home Without Walls as a demonstration project for another two years.

Your Committee, after receiving ample testimony on both House bills, decided to: (1) retain the concept of the Neighbor Island expansion of the Project contained in H.B. No. 49; and (2) amend H.B. No. 49, by adding the re-enactment language needed to continue Nursing Home Without Walls as a demonstration project for another two years. As a result, wherever appropriate, language indicating statewide application was inserted in lieu of language limiting the Project to the island of Oahu.

Because of the extra costs involved in developing a Demonstration Project on the Neighbor Islands, your Committee believes that the ceiling of seventy-five percent of the Medicaid cost as specified on page 4 beginning on line 1, through line 5, is unrealistic for the first two years of the Project on the Neighbor Islands. Your Committee therefore has inserted the words "except that the ceiling shall be raised to 100% of the average annual statewide cost of institutional care for the Neighbor Islands to provide for a two-year development phase of the Project."

Your Committee on Human Services is in accord with the intent and purpose of H.B. No. 49, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 49, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Hirono, Kiyabu and Morgado.

SCRep. 18      Judiciary on H.B. No. 104

The purpose of this bill is to require that only change of name orders of persons born within the State of Hawaii be reported to the registrar of births and to raise the filing fee to petition for a name change.

Current law requires that the Lieutenant Governor's office file a copy of each name change order with the registrar of births. However, the registrar can only change the person's birth certificate if the person was born in Hawaii. Thus, the filing of orders of persons born elsewhere creates unnecessary paperwork for the department of health.

Your Committee received testimony from the Office of the Lieutenant Governor and the department of health in support of this bill.

Your Committee supports the increase of the filing fee for a name change from \$5 to \$10. This increase in the fee would more accurately reflect the work involved in processing a name change petition order.

For purposes of clarification, the bill was amended to read that the name change order be both, recorded in the Bureau of Conveyances and reported to the registrar of births within sixty days of the signing of the order.



Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 104, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 104, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 19      Agriculture on H.B. No. 64

The purpose of this bill is to appropriate \$100,000 for fiscal year 1985-1986, for the promotion of diversified agricultural commodities.

Your Committee has received testimonies in support of this bill from the Chairman of the Department of Agriculture; Dean of the College of Tropical Agriculture and Human Resources, University of Hawaii; and the Executive Director of the Hawaii Farm Bureau Federation.

Your Committee finds that diversified agriculture is a vital component of the State's economic base and is the fastest growing sector in the agricultural industry, with sales of nearly \$200 million a year.

Your Committee also finds that diversified agriculture represents the most viable alternative for lands given up sugar and pineapple, and efforts should be made to promote and develop markets for the products of Hawaii's diversified agriculture.

Your Committee further finds that the appropriation would enable the Department of Agriculture to develop the consumer market rather than concentrate only on low-cost trade promotions, and to fulfill new responsibility for the promotion and market development.

Your Committee on Agriculture is in accord with the intent and purpose of H.B. No. 64, and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Pfeil.

SCRep. 20      Planning, Energy and Environmental Protection on H.B. No. 74

The purpose of this bill is to appropriate funds for the establishment of a center for Hydrogen Research from Renewable Energy in Hawaii.

Your Committee finds that hydrogen is an efficient, non-polluting source of energy. Hawaii's interest in hydrogen stems from our abundant sources of renewable energy and the availability of seawater. Further development of hydrogen technology may serve to lessen Hawaii's dependence upon petroleum as an energy source.

Your Committee has amended this bill by inserting the sum of \$200,000 to be appropriated toward the purposes specified in this bill. Your Committee has further amended this bill by designating the Department of Planning and Economic Development as the coordinating agency in charge of expending these funds.

Your Committee on Planning, Energy and Environmental Protection is in accord with the intent and purpose of H.B. No. 74 as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 74, H.D.1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Pfeil.

SCRep. 21      Planning, Energy and Environmental Protection on H.B. No. 75

The purpose of this bill is to appropriate funds to support the development of a Renewable Resources Research Facility at Maalaea, Maui.

Your Committee finds that the County of Maui is richly endowed with indigenous sources of energy such as solar and wind resources. Existing research and development facilities at Keahole Point and Puna are not expected to pursue these alternate energy technologies to their greatest potential. Your Committee finds

that a facility located in Maalaea, Maui would be well situated to conduct research and development of wind, solar and biomass technologies.

Your Committee has amended this bill by inserting the sum of \$100,000 to be appropriated toward the purposes specified in this bill. Your Committee has further amended this bill by designating the Department of Planning and Economic Development as the coordinating agency in charge of expending these funds.

Your Committee on Planning, Energy and Environmental Protection is in accord with the intent and purpose of H.B. No. 75 as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 75, H.D.1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Pfeil.

SCRep. 22      Planning, Energy and Environmental Protection on H.B. No. 80

The purpose of this bill is to appropriate funds to support an "Amnesty Day" pilot program designed to safely dispose of household hazardous materials.

Your Committee finds that households throughout the State utilize a variety of substances that are considered potentially hazardous. These substances include, but are not limited to, pesticides, paint products and various cleansers. Your Committee finds that unacceptable amounts of unwanted household toxic substances remain in storage or are disposed of improperly. Indiscriminate disposal of these substances may pose a health hazard to individual communities and the State as a whole. This bill will allow for the development of a program designed to safely dispose of household hazardous materials.

Your Committee on Planning, Energy and Environmental Protection is in accord with the intent and purpose of H.B. No. 80 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Pfeil.

SCRep. 23      Planning, Energy and Environmental Protection on H.B. No. 204

The purpose of this bill is to extend the expiration date of the State tax credit for solar, wind energy devices and heat pumps to December 31, 1992; and, if federal energy tax credits are not extended beyond December 31, 1985, to increase the amount of state tax credit to 15 per cent of the total cost from the time of expiration of the federal tax credit to December 31, 1992.

Your Committee finds that due to Hawaii's vulnerable position in the world oil market, it is imperative that the state encourage energy industries that utilize indigenous sources of energy such as solar and wind resources. At present, solar water heaters, wind energy devices, and heat pump systems contribute significantly in reducing Hawaii's dependence upon petroleum based fuels. Your Committee finds that energy tax credits serve to stimulate these local industries thereby providing important public benefits such as economic development and individual savings. With the prospect that Congress may not choose to extend the current federal tax credit beyond the present expiration date, your Committee finds the extension and increase of the state energy device tax credit is a timely, much needed measure.

Your Committee on Planning, Energy, and Environmental Protection is in accord with the intent and purpose of H.B. No. 204 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Pfeil.

SCRep. 24      Planning, Energy and Environmental Protection on H.B. No. 216

The purpose of this bill is to allow the Natural Energy Laboratory of Hawaii to establish, manage, and operate natural energy research facilities as may be appropriate at various sites.

Your Committee finds that the Natural Energy Laboratory of Hawaii is presently

limited to the management and operation of an outdoor research facility on a parcel of state-owned land at Ke-ahole Point on the island of Hawaii. This restriction inhibits the development and expansion of energy projects that may become appropriate in the future. This bill will allow the flexibility necessary to accommodate future expansion if and when it becomes appropriate.

Your Committee on Planning, Energy, and Environmental Protection is in accord with the intent and purpose of H.B. No. 216 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Pfeil.

SCRep. 25      Health on H.B. No. 54

The purpose of this bill is to establish a uniform system of accounting and financial reporting by hospitals, and to direct the State Health Planning and Development Agency to determine the reasonableness of hospital rates in order to review and approve such rates.

Everyone agrees that health care cost containment is a matter of great concern. No one denies that it is a problem which must be resolved soon or it will be a matter which will be the cause not only of undesirable fiscal consequences but also of unfortunate health care consequences, both to health care providers and recipients.

To express their concern about rate review and approval, and their strong belief that the free enterprise, competitive nature of their operations be maintained, the chief executive officers of all the major hospitals on Oahu and others in the field presented testimony to show that rate review and approval are not necessary, but, rather, burdensome, in view of the voluntary cost containment steps being taken by them. All of them detailed the cost containment steps being taken by their hospitals, separately and, in some cases, collectively,

Your Committee is impressed that there is such widespread recognition of the problem of health care cost containment and commends the hospitals and their principal representatives for having taken the many steps they have taken to achieve a measure of cost containment. Your Committee, however, believes that unless there is a common basis for comparing, among other things, assets, liabilities, operating income, operating costs and the value of cost containment measures taken, there is no way of determining whether the rates being charged by one health care facility, as compared to another or all of the other facilities which comprise the comparison universe, are reasonable or unreasonable.

Your Committee further believes that the only way to achieve the measure of uniformity necessary for the proper comparison of health care cost items is to impose the requirement that hospitals shall follow a uniform system of accounting and financial reporting as shall be established by the State Health Planning and Development Agency, which shall seek the assistance of and consult with the fiscal intermediary for Medicare and Medicaid in the establishment of the system.

Your Committee also further believes that until the uniform system of accounting and financial reporting is established, it would be futile and premature to have hospital rates reviewed and approved. Therefore, your Committee has amended the bill by deleting from it all references to reasonableness of rates and review and approval, and by preserving only those provisions related to the establishment of a uniform accounting and financial reporting system. The intent of this amendment is to permit the legislature at a later time to determine whether rate review and approval should be adopted as a means of achieving the desired level of health care cost containment or whether some other cost containment program would be more appropriate. To this end, the bill has been further amended to provide that the State Health Planning Agency is directed to submit a report to the legislature not later than thirty days before the 1986 legislative session, indicating, among other things, how the uniform accounting and financial conclusions can be drawn from the comparison of the data between and among all of the hospitals in Hawaii, and any other relevant conclusions which can be derived from such comparison.

Your Committee on Health is in accord with the intent and purpose of H.B. No. 54, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 54, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Hashimoto, Kihano, Kiyabu, Lindsey and Morgado.

SCRep. 26 Higher Education and the Arts on H.B. No. 42

The purpose of this bill is to appropriate out of the general funds of the State of Hawaii the sum of \$10,000,000 for fiscal biennium 1985-1987, for the support of statewide activities in higher education. The appropriated sums shall be \$5,000,000 for the fiscal year 1985-1986, and \$5,000,000 for fiscal year 1986-1987.

The implementation of the University of Hawaii's Strategic Plan would require \$32,000,000 per year. Of that sum, it is expected that \$3,000,000 will be provided by the University of Hawaii Foundation. The Governor has included \$4,100,000 in his executive budget, over and above the current services level of 1983-1985. The university administration feels it can reallocate \$10,000,000 from the existing current services budget. Of the remaining \$15,000,000 needed, \$9,000,000 is committed to salaries. Your committee feels that salaries should be handled by the collective bargaining process.

Your Committee wishes to fund the remaining balance of \$6,000,000, per year, to provide the University with the resources it needs to achieve its mission as set forth in the Strategic Plan.

Your Committee has therefore amended this bill by increasing the appropriation from \$10,000,000 to \$12,000,000. The appropriated sums shall be \$6,000,000 for the fiscal year 1985-1986, and \$6,000,000 for fiscal year 1986-1987.

Your Committee on Higher Education and the Arts is in accord with the intent and purpose of H.B. No. 42, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 42, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Honda, Nakasato, Pfeil, Tam and Yoshimura.

SCRep. 27 Health on H.B. No. 164

The purpose of this bill, as received by your Committee, is to repeal section 622-58, HRS, and in its place, add a new part to Chapter 321, HRS. This new part defines retention standards for hospitals, redefines the term "medical records" for the purposes of records retention, redefines the information to be retained, and establishes a retention period for this information. In addition, H.B. No. 164 limits the applicability of the statute to records active as of May 25, 1984, the effective date of Act 150, SLH 1984, the original proposal.

Your Committee heard testimony from the Department of Health and the Hospital Association of Hawaii in support of the bill. The Hospital Association recommended, however, that all medical facilities and providers, not merely hospitals be subject to the provisions of this measure.

Your Committee agrees with the purpose of this bill and feels it important that the needs for research and individual medical welfare be carefully balanced with the additional costs that add to the cost of medical care. Your Committee believes that this bill strikes such a balance, although medical records of providers other than hospitals are also important for research and individual medical welfare and should be retained. Your Committee believes that the provisions for retention in the bill are reasonable and will not overburden health care providers. Accordingly, your Committee has amended the bill to cover all medical facilities, as defined in section 323D-2, HRS, and medical providers, as defined in section 671-1, HRS.

Your Committee on Health is in agreement with the intent and purpose of H.B. No. 164, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 164, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 28      Health on H.B. No. 166

The purpose of this bill, as received by your Committee, is to enable the Department of Health to reinstitute its program of regulating the testing of newborns for congenital metabolic diseases. The bill further requests \$22,829 to fund one position to carry out a monitoring and followup program.

This bill, as written, requires the physician, midwife or other qualified person in attendance at a birth to administer a phenylketonuria test, a hypothyroidism test and any other test for hereditary metabolic diseases, as required by rules adopted by the Department of Health, to the child. The test would be given to all children at birth, with an exception allowed for parents, guardians or others having legal control who object to the test on religious grounds.

The bill, further, defines a hereditary metabolic disease, allows the department to define which hereditary institution caring for the newborn to report the names and addresses of any child to whom the test has not been administered or who receives a positive test result to the department, and appropriates the sum of \$22,829 for the purpose of providing staffing for the program.

Your Committee heard testimony from the Department of Health in support of the bill and from Dr. Edward Hsia, of the Kapiolani-Children's Medical Center, in general support of the intent of the bill, but with concerns with regard to the lack of specificity in the bill and the restriction of the definition of diseases to only those which are hereditary.

Your Committee realizes the impact such diseases have upon infants and their future as potentially contributing members of society. While such problems are fortunately rare, the ease of detection and remedy at infancy can prevent the terrible consequences of the above-mentioned diseases. Your Committee thus believes it to be a state priority to ensure that testing be performed as effectively and universally as possible. Your Committee agrees with Dr. Hsia that the bill as written does not adequately address the needed structure or the program's authority. Accordingly, your Committee has amended the bill to outline in more detail the program as proposed by the Department of Health.

The amended bill now:

1. Extends the Department's authority to define disease by eliminating the restriction to "hereditary" diseases and gives the department broad authority to specify diseases, as well as the methods of screening;
2. Requires the institution and the responsible physician both to ensure that every infant in his or her care be tested for the designated diseases (still retaining the right to refuse the test on religious grounds);
3. Requires the Department to adopt rules for the implementation of this program, including, but not limited to:
  - a) administration of newborn screening tests;
  - b) quality and cost control of screening tests;
  - c) keeping of records and related data;
  - d) reporting of positive test results;
  - e) guidelines for care, treatment, and followup of infants with positive test results;
  - f) informing parents about the purposes of these tests;
  - g) maintaining the confidentiality of affected families.

Your Committee further believes that staffing is essential to the effectiveness of the program and so retains the appropriation of \$22,829 in the amended bill.

Your Committee on Health is in agreement with the intent and purpose of H.B. No. 166, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 166, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

## SCRep. 29      Agriculture on H.B. No. 446

The purpose of this bill is to appropriate funds to the Department of Agriculture for continuation of a biological control project to control the webworm population on the island of Maui.

Your Committee finds that the 1984 Legislature appropriated \$30,000 to the Department of Agriculture to initiate a biological control program to prevent or minimize serious webworm outbreaks.

Your Committee also finds that due to the drought conditions experienced in the summer of 1984 it was difficult to locate and collect the webworm parasite for propagation. By November of 1984 a sufficient number of parasites had been propagated and initial webworm control efforts were undertaken. These efforts proved successful in minimizing the webworm population. Your Committee further finds, however, that it is still too early to assess the effectiveness of this parasite augmentation program. Continued efforts to control the periodic outbreaks of webworms and evaluate the effectiveness of the biological control program are still needed.

As received by this Committee, the amount to be appropriated by this bill was unspecified. Your Committee, therefore, has amended the bill by inserting the sum of \$30,000.

Your Committee on Agriculture is in accord with the intent and purpose of H.B. No. 446, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 446, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

## SCRep. 30      Higher Education and the Arts on H.B. No. 44

The purpose of this bill is to make an appropriation out of the general funds of the State of Hawaii for the fiscal biennium 1985-1987 to fund the Western Interstate Commission for Higher Education (WICHE) program.

WICHE is an organization of 13 western states that have pooled their higher education resources to save money, avoid duplication of programs, and to provide educational opportunities to students who do not have similar programs in their home states. This goal is accomplished through student exchange, higher education resource development, and minority education programs.

Your Committee finds that the beneficiaries of this program are Hawaii residents who may not otherwise be able to afford higher education. Your Committee further finds that, at present, we are meeting the needs of only a fraction of Hawaii's qualified students. Therefore your Committee has amended this bill by increasing the current services funding from \$1,000,000 to \$1,500,000.

Your Committee on Higher Education and the Arts is in accord with the intent and purpose of H.B. 44, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 44, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Honda, Nakasato, Tam and Pfeil.

## SCRep. 31      Education on H.B. No. 47

The purpose of this bill is to appropriate general revenues of the State of Hawaii for the On-Line Public Access Catalog System for the Hawaii state libraries.

Your Committee has heard testimony in support of this bill for the installation of the On-Line Public Access Catalog System which will provide immediate access to the number of titles and copies in the system and to the circulation status of books. Your Committee concurs with the testimony that this program will enable the library system to better serve the public.

Your Committee on Education is in accord with the intent and purpose of H.B.



No. 47 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 32      Education on H.B. No. 46

The purpose of this bill is to appropriate general revenues of the State of Hawaii to provide for the public use of computers in regional libraries for fiscal year 1985-86.

Your Committee has heard testimony in support of this bill for the installation of microcomputers, training of library staff, and offering of at least two courses in the use of the microcomputers. Your Committee concurs with the testimony that microcomputers for public use would benefit the public.

Your Committee on Education is in accord with the intent and purpose of H.B. No. 46 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 33      Education on H.B. No. 48

The purpose of this bill is to appropriate general revenues of the State of Hawaii in the sum of \$10,000,000 for the fiscal biennium 1985-87 for the support of state-wide activities in education.

Your Committee heard testimony in favor of this bill and finds that the additional resources proposed by this bill will improve public education and student achievement.

Your Committee has amended the bill to read "department" in section 2, due to clerical error.

Your Committee on Education is in accord with the intent and purpose of H.B. No. 48, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 48, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 34      Education on H.B. No. 45

The purpose of this bill is to appropriate general revenues of the State of Hawaii for repair and maintenance activities in the department of education.

Your Committee has amended the bill to specify that the funds are to be used for the repair and maintenance of public school facilities and grounds. In addition, the department of accounting and general services has been designated as the expending agency.

Your Committee feels that the additional funding proposed by this bill will help reduce the backlog of urgently needed repairs to school facilities and grounds.

Your Committee on Education is in accord with the intent and purpose of H.B. No. 45, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 45, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 35      Public Employment and Government Operations on H.B. No. 134

The purpose of this bill is to provide fund authorizations and appropriations for Unit 1 collective bargaining cost items, including the cost of salary adjustments negotiated between the state and the bargaining unit representative for the Fiscal Biennium 1985-1987.

Fund authorizations and appropriations by the legislature are necessary, in accordance with Section 89-10 (b), HRS, to cover the expected cost of implementing collective bargaining agreements negotiated between the state and the respective bargaining unit representative for the fiscal biennium commencing July 1, 1985.

Since an agreement for the bargaining unit is not expected to be reached in time to include the cost items in the 1985-1987 Biennium Budget, a separate measure was submitted for this purpose.

Your Committee on Public Employment and Government Operations is in accord with the intent and purpose of H.B. No. 134 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Menor, Takamine and Tungpalan.

SCRep. 36      Public Employment and Government Operations on H.B. No. 135

The purpose of this bill is to provide fund authorizations and appropriations for Unit 2 collective bargaining cost items, including the cost of salary adjustments negotiated between the state and the bargaining unit representative for the Fiscal Biennium 1985-1987.

Fund authorizations and appropriations by the legislature are necessary, in accordance with Section 89-10 (b), HRS, to cover the expected cost of implementing collective bargaining agreements negotiated between the state and the respective bargaining unit representative for the fiscal biennium commencing July 1, 1985.

Since an agreement for the bargaining unit is not expected to be reached in time to include the cost items in the 1985-1987 Biennium Budget, a separate measure was submitted for this purpose.

Your Committee on Public Employment and Government Operations is in accord with the intent and purpose of H.B. No. 135 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Menor, Takamine and Tungpalan.

SCRep. 37      Public Employment and Government Operations on H.B. No. 136

The purpose of this bill is to provide fund authorizations and appropriations for Unit 3 collective bargaining cost items, including the cost of salary adjustments negotiated between the state and the bargaining unit representative for the Fiscal Biennium 1985-1987.

Fund authorizations and appropriations by the Legislature are necessary, in accordance with Section 89-10 (b), HRS, to cover the expected cost of implementing collective bargaining agreements negotiated between the state and the respective bargaining unit representative for the fiscal biennium commencing July 1, 1985.

Since an agreement for the bargaining unit is not expected to be reached in time to include the cost items in the 1985-1987 Biennium Budget, a separate measure was submitted for this purpose.

Your Committee on Public Employment and Government Operations is in accord with the intent and purpose of H.B. No. 136 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Menor, Takamine and Tungpalan.

SCRep. 38      Public Employment and Government Operations on H.B. No. 137

The purpose of this bill is to provide fund authorizations and appropriations for

Unit 4 collective bargaining cost items, including the cost of salary adjustments negotiated between the state and the bargaining unit representative for the Fiscal Biennium 1985-1987.

Fund authorizations and appropriations by the legislature are necessary, in accordance with Section 89-10 (b), HRS, to cover the expected cost of implementing collective bargaining agreements negotiated between the state and the respective bargaining unit representative for the fiscal biennium commencing July 1, 1985.

Since an agreement for the bargaining unit is not expected to be reached in time to include the cost items in the 1985-1987 Biennium Budget, a separate measure was submitted for this purpose.

Your Committee on Public Employment and Government Operations is in accord with the intent and purpose of H.B. No. 137 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Menor, Takamine and Tungpalan.

SCRep. 39      Public Employment and Government Operations on H.B. No. 138

The purpose of this bill is to provide fund authorizations and appropriations for Unit 5 collective bargaining cost items, including the cost of salary adjustments negotiated between the state and the bargaining unit representative for the Fiscal Biennium 1985-1987.

Fund authorizations and appropriations by the Legislature are necessary, in accordance with Section 89-10 (b), HRS, to cover the expected cost of implementing collective bargaining agreements negotiated between the state and the respective bargaining unit representative for the fiscal biennium commencing July 1, 1985.

Since an agreement for the bargaining unit is not expected to be reached in time to include the cost items in the 1985-1987 Biennium Budget, a separate measure was submitted for this purpose.

Your Committee on Public Employment and Government Operations is in accord with the intent and purpose of H.B. No. 138 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Menor, Takamine and Tungpalan.

SCRep. 40      Public Employment and Government Operations on H.B. No. 139

The purpose of this bill is to provide fund authorizations and appropriations for Unit 6 collective bargaining cost items, including the cost of salary adjustments negotiated between the state and the bargaining unit representative for the Fiscal Biennium 1985-1987.

Fund authorizations and appropriations by the Legislature are necessary, in accordance with Section 89-10 (b), HRS, to cover the expected cost of implementing collective bargaining agreements negotiated between the state and the respective bargaining unit representative for the fiscal biennium commencing July 1, 1985.

Since an agreement for the bargaining unit is not expected to be reached in time to include the cost items in the 1985-1987 Biennium Budget, a separate measure was submitted for this purpose.

Your Committee on Public Employment and Government Operations is in accord with the intent and purpose of H.B. No. 139 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Menor, Takamine and Tungpalan.

## SCRep. 41      Public Employment and Government Operations on H.B. No. 140

The purpose of this bill is to provide fund authorizations and appropriations for Unit 7 collective bargaining cost items, including the cost of salary adjustments negotiated between the state and the bargaining unit representative for the Fiscal Biennium 1985-1987.

Fund authorizations and appropriations by the Legislature are necessary, in accordance with Section 89-10 (b), HRS, to cover the expected cost of implementing collective bargaining agreements negotiated between the state and the respective bargaining unit representative for the fiscal biennium commencing July 1, 1985.

Since an agreement for the bargaining unit is not expected to be reached in time to include the cost items in the 1985-1987 Biennium Budget, a separate measure was submitted for this purpose.

Your Committee on Public Employment and Government Operations is in accord with the intent and purpose of H.B. No. 140 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Menor, Takamine and Tungpalan.

## SCRep. 42      Public Employment and Government Operations on H.B. No. 141

The purpose of this bill is to provide fund authorizations and appropriations for Unit 8 collective bargaining cost items, including the cost of salary adjustments negotiated between the state and the bargaining unit representative for the Fiscal Biennium 1985-1987.

Fund authorizations and appropriations by the Legislature are necessary, in accordance with Section 89-10 (b), HRS, to cover the expected cost of implementing collective bargaining agreements negotiated between the state and the respective bargaining unit representative for the fiscal biennium commencing July 1, 1985.

Since an agreement for the bargaining unit is not expected to be reached in time to include the cost items in the 1985-1987 Biennium Budget, a separate measure was submitted for this purpose.

Your Committee on Public Employment and Government Operations is in accord with the intent and purpose of H.B. No. 141 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Menor, Takamine and Tungpalan.

## SCRep. 43      Public Employment and Government Operations on H.B. No. 142

The purpose of this bill is to provide fund authorizations and appropriations for Unit 9 collective bargaining cost items, including the cost of salary adjustments negotiated between the state and the bargaining unit representative for the Fiscal Biennium 1985-1987.

Fund authorizations and appropriations by the Legislature are necessary, in accordance with Section 89-10 (b), HRS, to cover the expected cost of implementing collective bargaining agreements negotiated between the state and the respective bargaining unit representative for the fiscal biennium commencing July 1, 1985.

Since an agreement for the bargaining unit is not expected to be reached in time to include the cost items in the 1985-1987 Biennium Budget, a separate measure was submitted for this purpose.

Your Committee on Public Employment and Government Operations is in accord with the intent and purpose of H.B. No. 142 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Menor, Takamine and Tungpalan.

SCRep. 44      Public Employment and Government Operations on H.B. No. 143

The purpose of this bill is to provide fund authorizations and appropriations for Unit 10 collective bargaining cost items, including the cost of salary adjustments negotiated between the state and the bargaining unit representative for the Fiscal Biennium 1985-1987.

Fund authorizations and appropriations by the Legislature are necessary, in accordance with Section 89-10 (b), HRS, to cover the expected cost of implementing collective bargaining agreements negotiated between the state and the respective bargaining unit representative for the fiscal biennium commencing July 1, 1985.

Since an agreement for the bargaining unit is not expected to be reached in time to include the cost items in the 1985-1987 Biennium Budget, a separate measure was submitted for this purpose.

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

Signed by all members of the Committee except Representatives Menor, Takamine and Tungpalan.

SCRep. 45      Public Employment and Government Operations on H.B. No. 144

The purpose of this bill is to provide fund authorizations and appropriations for Unit 11 collective bargaining cost items, including the cost of salary adjustments negotiated between the state and the bargaining unit representative for the Fiscal Biennium 1985-1987.

Fund authorizations and appropriations by the Legislature are necessary, in accordance with Section 89-10 (b), HRS, to cover the expected cost of implementing collective bargaining agreements negotiated between the state and the respective bargaining unit representative for the fiscal biennium commencing July 1, 1985.

Since an agreement for the bargaining unit is not expected to be reached in time to include the cost items in the 1985-1987 Biennium Budget, a separate measure was submitted for this purpose.

Your Committee on Public Employment and Government Operations is in accord with the intent and purpose of H.B. No. 144 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Menor, Takamine and Tungpalan.

SCRep. 46      Public Employment and Government Operations on H.B. No. 145

The purpose of this bill is to provide fund authorizations and appropriations for Unit 13 collective bargaining cost items, including the cost of salary adjustments negotiated between the state and the bargaining unit representative for the Fiscal Biennium 1985-1987.

Fund authorizations and appropriations by the Legislature are necessary, in accordance with Section 89-10 (b), HRS, to cover the expected cost of implementing collective bargaining agreements negotiated between the state and the respective bargaining unit representative for the fiscal biennium commencing July 1, 1985.

Since an agreement for the bargaining unit is not expected to be reached in time to include the cost items in the 1985-1987 Biennium Budget, a separate measure was submitted for this purpose.

Your Committee on Public Employment and Government Operations is in accord with the intent and purpose of H.B. No. 145 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Menor, Takamine and Tungpalan.

SCRep. 47      Public Employment and Government Operations on H.B. No. 146

The purpose of this bill is to provide fund authorizations and appropriations for wage and other adjustments in Fiscal Biennium 1985-87 for executive, judiciary, and legislative officers and employees excluded from collective bargaining.

According to testimony received, Section 89C-2, HRS, stipulates that the compensation, laws, terms and conditions of employment, and other benefits for public officers and employees who are excluded from collective bargaining shall be adjusted by the chief executive of the state, the board of education, the board of regents, or the chief justice, as applicable. Further, Section 89C-5, HRS, stipulates that any such adjustments which constitute cost items shall be subject to appropriation by the Legislature.

Since such adjustments will not be formulated in time to include the resulting cost items in the 1985-87 Biennium Budget, a separate measure was submitted for this purpose.

Your Committee on Public Employment and Government Operations is in accord with the intent and purpose of H.B. No. 146 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Menor and Tungpalan.

SCRep. 48      Public Employment and Government Operations on H.B. No. 147

The purposes of this bill are to establish the amounts of the states' and several counties' contributions to the Health Fund for officers and employees not covered by collective bargaining or Section 89C, HRS, and to provide appropriations to fund the state's contribution for Fiscal Biennium 1985-87.

Act 254, Session Laws of Hawaii 1984, authorized collective bargaining negotiations to determine the amount of employer contributions to the Health Fund for employees covered by collective bargaining, the negotiated amounts becoming effective July 1, 1985. The Act also authorized the chief executives of the state and counties, the board of education, the board of regents, the legislative auditor, the director of the legislative reference bureau, the ombudsman, and the chief justice of the supreme court to establish the amount of employer contributions to the Health Fund for officers and employees excluded from collective bargaining in accordance with processes outlined in Section 89C, HRS. For officers and employees not covered by either of the foregoing provisions, the Act provided that adjustments to the amounts of employer contributions to the Health Fund shall be made by legislative enactment.

H.B. No. 147 will permit timely adjustments to the amount of employer contributions to the Health Fund for officers and employees not covered by collective bargaining or the provisions of Section 89C, HRS, and provide appropriations for that purpose.

Your Committee on Public Employment and Government Operations is in accord with the intent and purpose of H.B. No. 147 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Menor and Tungpalan.

SCRep. 49      Public Employment and Government Operations on H.B. No. 96

The purpose of this bill is to establish an advisory committee to study overlapping state and county functions, and to make appropriate recommendations.



The advisory committee is to study overlapping state and county functions, and recommend consolidation of those functions which, by such consolidation, would be delivered in the most efficient and cost-effective manner at one level of government. The committee shall also review and update the study relating to the consolidation of overlapping state and county functions compiled by the Commission on Organization of Government. It is to submit an interim and a final report to the Legislature prior to the convening of the regular sessions of 1986 and 1987, respectively.

The Hawaii State Association of Counties submitted testimony in favor of enactment of H.B. No. 96.

Your Committee on Public Employment and Government Operations is in accord with the intent and purpose of H.B. No. 96 and recommends that it pass Second Reading and be referred to the Committee on Legislative Management.

Signed by all members of the Committee except Representatives Menor, Takamine and Tungpalan.

SCRep. 50      Agriculture on H.B. No. 447

The purpose of this bill is to appropriate funds to the College of Tropical Agriculture and Human Resources of the University of Hawaii for fiscal year 1985-1986 for a county extension agent under the county extension service of Maui.

Your Committee finds that presently there are two agricultural extension agents servicing horticultural interests on Maui. However, because of increases in the production of agricultural crops, as well as growing demands from home owners with specific problems relating to home gardens and plants, the workload demands upon these two agents have commensurately increased, resulting in a decrease in the level of service that can be provided.

Your Committee also finds that supplemental requests, such as for topical workshops, cannot be fulfilled due to competing demands. An additional agent would allow the Maui program to provide more effective and thorough service to the growing number of farmers and residents on the island.

As received by this Committee, the amount to be appropriated by this bill was not specified. Your Committee, therefore has amended this bill by inserting the sum of \$29,500.

Your Committee on Agriculture is in accord with the intent and purpose of H.B. No. 447, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 447, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 51      Agriculture on H.B. No. 1106

The purpose of this bill is to amend the definition of "wholesale" sale as it applies to certain agricultural producers.

H.B. No. 1106 was introduced as a short-form bill, which is sometimes referred to as a "vehicle" bill primarily used for convenience to introduce a bill containing only a general idea as to its purpose and means without specific details in long form. Your Committee has amended the bill to provide the substantive contents of the bill in long form so that a public hearing may properly be held on its substantive provisions. Without the amendment providing the substantive contents, members of the public cannot be duly apprised, in advance of the hearing, as to what the bill specifically purports to do and the specific means by which it intends to achieve the desired results. Thus, a hearing on a shortform bill may not be helpful, and a notice thereof could be less meaningful.

Your Committee on Agriculture is in accord with the intent and purpose of H.B. No. 1106, as amended herein, and recommends that it be recommitted to the Committee on Agriculture, for the purpose of holding a public hearing thereon, in the form attached hereto as H.B. No. 1106, H.D. 1.

Signed by all members of the Committee except Representative Tam.

SCRep. 52      Planning, Energy and Environmental Protection on H.B. No. 1414

The purpose of this bill is to effectuate the title of this bill.

H.B. No. 1414 was introduced as a short-form bill, which is sometimes referred to as a 'vehicle' bill, primarily used for convenience to introduce a bill containing only a general idea as to its purpose and means without specific details in long form. Your Committee has amended the bill to provide the substantive contents of the bill, in long form so that a public hearing may properly be held on its substantive provisions. Without the amendment providing the substantive contents, members of the public cannot be duly apprised, in advance of the hearing, as to what the bill specifically purports to do and the specific means by which it intends to achieve the desired results. Thus, a hearing on a short form bill may not be helpful, and a notice thereof could be less than meaningful.

Your Committee on Planning, Energy and Environmental Protection is in accord with the intent and purpose of H.B. No. 1414, as amended herein, and recommends that it be recommitted to the Committee on Planning Energy and Environmental Protection, for the purpose of holding a public hearing thereon, in the form attached hereto as H.B. No. 1414, H.D.1.

Signed by all members of the Committee.

SCRep. 53      Planning, Energy and Environmental Protection on H.B. No. 77

The purpose of this bill is to support a cooperative agreement between the Federal Environmental Protection Agency and the State Department of Health which would provide compliance inspections of generators and handlers of hazardous wastes; and to appropriate the sum of \$40,000 or so much thereof as may be necessary for fiscal year 1985-1986 for this purpose.

Your Committee finds that the primary responsibilities for a hazardous waste management program now rest with EPA's Region IX Office in San Francisco; and that the State welfare will be greatly served by the increased number and frequency of inspections and the public education funded through this proposal in support of a cooperative agreement.

Your Committee on Planning, Energy and Environmental Protection is in accord with intent and purpose of H.B. No. 77 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 54      Planning, Energy and Environmental Protection on H.B. No. 78

The purpose of this bill is to develop a program to compile and maintain an information base for hazardous materials and wastes; and to appropriate sums for fiscal 1985-1986 for this purpose.

Your Committee finds that developing an information base is a keystone in the State's nascent efforts to manage the hazardous waste problem. Your Committee further finds that this is a very complex issue, and needs to be approached in thoughtful steps, of which this is an appropriate beginning.

Your Committee further finds that the original bill left the amount of required appropriation undetermined, due to the inclusion of unspecified computer equipment. Testimony reveals that until a program is more clearly defined, specification of computer equipment needs is premature; this also confuses the intent of the bill. Consequently, your Committee has amended the bill, deleting reference to computer equipment, to clarify that this bill is to develop a program, not to implement one.

Your Committee further amended the bill, inserting the sum of \$40,000 to fund personnel costs for the purpose of this bill.

Your Committee on Planning, Energy and Environmental Protection is in accord

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

Signed by all members of the Committee.

SCRep. 55      Planning, Energy and Environmental Protection on H.B. No. 79

The purpose of this bill is to extend the repeal date of Act 275, Session Laws of Hawaii 1984, from June 30, 1985 to June 30, 1986. This bill also provides an appropriation to support the Office of Environmental Quality Control's efforts in continuing to prevent, monitor, and mitigate groundwater contamination by pesticides.

Your Committee finds that Act 275, Session Laws of Hawaii 1984, was adopted in response to public concern over pesticide contamination and the need to coordinate the state's responsibilities relating to pesticides and environmental quality. To date, the Office of Environmental Quality Control has made significant progress in bringing together the various agencies involved in the regulation of pesticides in Hawaii. However, due to the magnitude and complexity of the issues involved, your Committee finds that an extension of the Office of Environmental Quality Control's coordinative authority is in order.

Accordingly, your Committee has amended this bill as follows:

(1) Extended the repeal date of Act 275, Session Laws of Hawaii 1984, to June 30, 1987;

(2) Increased the proposed appropriation for fiscal year 1985-1986 to a sum of \$195,000; and inserted the sum of \$195,000 for fiscal year 1986-1987; and

(3) Inserted the requirement that the Office of Environmental Quality Control submit a progress report to the Legislature prior to the convening of the regular session of 1986.

Your Committee has also amended this bill by making non-substantive amendments to Act 275, Session Laws of Hawaii 1984.

Your Committee on Planning, Energy, and Environmental Protection is in accord with the intent and purpose of H.B. No. 79, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 79, H.D. 2, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Metcalf.

SCRep. 56      Education on H.B. No. 399 (Majority)

The purpose of this bill is to raise the limit on salaries of the following Department of Education officers:

- Superintendent of Education
- Deputy Director of Education
- Assistant Superintendents
- District Superintendents
- Deputy District Superintendents
- the State Librarian

This bill also grants to the Board of Education the authority to establish the salaries of the Superintendent and Deputy Director of Education.

Your Committee heard testimony in support of this bill noting the extended time between amendments to raise these salaries. Due to collective bargaining, educational officer positions of considerably less responsibility have pay scales comparable to these departmental administrative officers. This results in inequities in the salary schedules as responsibilities are not in proportion to salaries.

Under present law the Superintendent of Education and departmental administrative officers with the DOE are compensated on a less than adequate scale.

The position of Superintendent requires a strong administrator with vast experience in all areas of education. This individual is responsible for the educational programs and policies of the youth of our State, who are our future leaders. Considering the responsibility and quality of an individual necessary to fill the position adequately, this salary request is in line with the demands of the position.

Similarly, departmental administrative officers are inadequately compensated. These positions also require skilled and experienced personnel in the broad area of education.

The bill as received by your Committee did not specify the amount to be appropriated for salaries of DOE officers. However, while it is your Committee's intent to increase the salary limits of said DOE officers, the specific amount to be appropriated will be determined by your Committee on Finance.

Your Committee on Education is in accord with the intent and purpose of H.B. No. 399 and recommends that it pass Second Reading and be referred to the Committee on Finance.

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

SCRep. 57      Education on H.B. No. 547

The purpose of this bill is to provide a tax credit to individuals or corporations for each equipment donated to public schools for vocational education programs. The credit shall be claimed against the income tax liability for the taxable year and in an amount not to exceed twenty-five percent of the fair market value of the equipment.

Your Committee has heard testimony in support of this measure and concurs that there is a serious need to address the lack of vocational education equipment in Hawaii's public schools (grades K to 12). Currently, high costs have made it difficult to purchase new or updated equipment. By providing tax credits, taxpayers will have an added incentive to assist vocational education programs and thereby increase the availability of equipment.

Your Committee on Education is in accord with the intent and purpose of H.B. No. 547 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 58      Education on H.B. No. 523

The purpose of this bill is to establish a special fund for repair and maintenance in schools.

Your Committee heard testimony in favor of the bill from the Department of Accounting and General Services and from the Hawaii State Teachers Association.

Your Committee is in agreement that many of our public school facilities are in a state of disrepair. The establishment of such a fund would help alleviate the existing backlog of repairs and maintenance work in our public schools. Your Committee concurs with the intent of this bill to assess a percentage of the appropriation to be used for repair and maintenance.

The percentage of the total allocation to be used for the repair and maintenance in public schools shall be determined by your Committee on Finance.

Your Committee has amended this bill to clarify that the Department of Accounting and General Services shall make expenditures to AGS 807.

Your Committee has also amended this bill to correct a clerical error.

Your Committee on Education is in accord with the intent and purpose of H.B. No. 523, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 523, H.D. 1, and be referred to the Committee

on Finance.

Signed by all members of the Committee.

SCRep. 59      Judiciary on H.B. No. 20

The purpose of this bill is to compensate victims of certain crimes and providers of services under the Criminal Injuries Compensation Act and provide appropriations to replenish the fund from which payment of awards have already been made.

Your Committee recognizes the tremendous worth of this program which was established in 1967 to protect the State's residents and visitors at least in part, from the consequences of criminal acts. The program has grown from three awards totaling \$5,688 in 1968 to 338 persons receiving \$386,240 in 1984. To date, the State has awarded over \$4 million to 3,418 persons.

The fund has \$250,000 for immediate disbursement, however in 1984 as in many other years, all of this money has been used to compensate 235 victims and providers. The appropriation for both replenishing the fund and also providing payment to 103 additional victims and providers with closed cases are contained in this bill.

For the purpose of clarity, your Committee has amended the bill by deleting the words "the named persons" because case numbers, not actual names are mentioned in the bill. In addition, the director of the commission recognized a typographical error and your Committee has corrected the award amount for Case No. 84-254 accordingly.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 20, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 20, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 60      Judiciary on H.B. No. 35

The purpose of this bill is to provide an appropriation for the fiscal year 1985-1986 to the Witness Security and Protection Program, which provides security and protection to government witnesses.

The program was established two years ago by the Legislature to provide protection for witnesses in criminal proceedings. The program operates under the guidelines developed by the Attorney General's office and the Governor's Planning Committee on Crime.

The Attorney General, the Honolulu Police Department and the Prosecuting Attorney of Hawaii County testified in support of this bill.

According to the Attorney General, the office has been fiscally conservative in awarding grants. These grants provide funds for such expenses as food, lodging and other added costs of providing witness security such as overtime costs. The Attorney General is currently investigating the possibility of compensating personnel costs.

Your Committee was faced with the task of determining the amount to be appropriated to this valuable program. Your Committee, after examining past funding, agreed to recommend funding of the program at last years' level of \$175,000. This amount is fair and equitable and, barring any unforeseen extraordinary cases should be adequate to fund the program.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 35, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 35, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 61      Judiciary on H.B. No. 355

The purpose of this bill is to expedite the disposition of court cases.

The bill proposes to amend Sections 2 and 6 of Article VI of the Hawaii Constitution to authorize the Chief Justice to directly appoint retired judges of the intermediate appellate court, the circuit courts, the district courts and the district family courts to serve temporarily on the intermediate appellate court, on any circuit court, on any district court, and on any district family court, respectively. This will speed the decision of cases by allowing the Chief Justice to directly appoint temporary judges to any level of the state courts experiencing an overload of cases.

Presently, the Chief Justice has constitutional authority to temporarily move up active judges from the courts below, or by laterally transferring active circuit judges to other circuit court positions temporarily. In turn, those vacancies must be filled by other temporary judges. The process of moving up a judge followed by replacement of the judge from below may involve three levels of courts and end with the appointment of per diem district court judges to replace regular district judges who have been moved up.

This bill will enable the Chief Justice to call back for temporary service on the intermediate appellate court retired judges from that court, and to call back retired circuit court judges and to appoint qualified persons to serve as circuit court judges. The Chief Justice also will be empowered to call back retired district court and district family court judges to serve on these courts.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 355 and recommends that pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 62      Consumer Protection and Commerce on H.B. No. 229

The purpose of this bill is to expand licensing categories in Chapter 373 to include principal agents and branch offices, to delineate fees, to convert to a biennial licensing period, and to add prohibited conditions and requirements to maintain agency licenses.

The Department of Commerce and Consumer Affairs testified that under present statutes, only employment agencies are licensed. Therefore, although the agency is required to have a person successfully complete the certified employment consultant examination in order for the agency to obtain a license, the licensed agency can continue to operate even if the certified employment consultant leaves.

Accordingly, this bill will provide licensure for principal agents or individuals and require each agency to have a licensed agent or individual as a requirement for its agency license. A provision is made for inactive status should the principal agent not engage in the business. Also, in order to regulate branch operations, the employment agency will be required to maintain separate employment agency branch office licenses.

The Department also testified that under present statutes, the employment agency pays a single fee for licensure. Accordingly, this bill will incorporate administrative costs and require separate application, examination, reexamination, license renewal, and restoration fees as they apply to the aforementioned three licensing categories. A biennial license renewal period will also be adopted to lessen the administrative cost of maintaining the program.

The bill also authorizes the Director to establish application forms to implement the new licensing categories.

The Department further testified that this bill would prohibit the employment agency from requiring the employer to withhold from the applicant's actual earnings from employment any fee or service charge that has been negotiated by contract between the applicant and the employment agency unless specifically requested by the applicant. It is the department's view that monies withheld from the applicant's earnings is a matter strictly between the applicant and the employer.



Finally, the Department testified that this bill proposes to provide automatic suspension of the employment agency's license effective immediately upon the expiration or cancellation of the required bond. Under present administrative procedure, the director is required to conduct a formal hearing to prevent the licensee from operating after the expiration or cancellation of a bond and this procedure may take several weeks. In the meantime, there is nothing to prevent a licensee from continuing to engage in business and exposing the consuming public to potential losses.

Your Committee also heard favorable testimony from Rehabilitation Management Services, Inc.; however, they requested that they be exempt from the provisions of this bill because they are not compensated in the same manner or amount as traditional employment agencies.

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

1. Section 373-5 has been amended by placing the paragraph covering the contents of the examination for a principal agent after a new provision requiring that the principal agent pass a certified employment consultant examination as designated by the director.

2. A new section has been added which would repeal Section 373-7, Hawaii Revised Statutes. Your Committee finds that this section is no longer necessary or appropriate in light of the other amendments; and

3. A new section has been added to provide an exemption for "vocational habilitation services". This amendment was made in light of the testimony submitted by Rehabilitation Management Services.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 229, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 229, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Jones.

SCRep. 63      Consumer Protection and Commerce on H.B. No. 347

The purpose of this bill is to replace the existing statutes which govern the creation and operation of non-profit corporations with a new chapter to be referred to as the "Hawaii Non-Profit Corporation Act."

The Business Registration Division of the Department of Commerce and Consumer Affairs has testified that having a statute written expressly for non-profit corporations will provide more appropriate regulation and greater certainty in this area of the law. Under present law, non-profit corporations are governed by and subject to "all general laws enacted in regard to corporations," pursuant to section 416-19, Hawaii Revised Statutes. This current statutory framework does not adequately reflect the significant differences between business corporations and non-profit corporations. Passage of the Hawaii Business Corporation Act (Act 167, Session Laws of Hawaii 1983), a companion bill to this Hawaii Non-Profit Corporation Act, necessitates passage of a statute governing non-profit corporations.

The Division also supported the effective date of this Act as well as changing the effective date of the Hawaii Business Corporation Act to July 1, 1987. The request to conform the effective dates of both Acts stems from the fact that the Division has not had the opportunity to examine the effect of both the Hawaii Business Corporation Act and the Hawaii Professional Corporation Act on the Division's operations. The July 1, 1987 effective date would permit the study to be completed well before this bill and the MBCA went into effect.

Your Committee received testimony from the Aloha Society of Association Executives (ASAE) that a significant portion of this bill is unnecessary statutory language which should not be spelled out in detail. ASAE further testified that many of the provisions can be covered in organizational bylaws or by rules and regulations promulgated by the Department of Commerce and Consumer Affairs.

Your Committee concludes, however, that enactment of this bill will provide non-profit corporations and non-profit corporate practitioners with the advantage of the judicial comments and stated intent of the Hawaii Business Corporation Act

and an established body of judicial interpretation collected from jurisdictions that have adopted a similar act.

Your Committee is concerned that many non-profit corporations will incur additional legal fees which will create undue burden, especially upon the smaller non-profit corporations and, accordingly, strongly recommends that there be an extensive exchange of ideas and concerns between all parties affected.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 347 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Jones.

SCRep. 64      Consumer Protection and Commerce on H.B. No. 228

The purpose of this bill is to authorize the Contractors License Board to contract for examination services with a testing agency and to provide for examination fees to be established by the Director of the Department of Commerce and Consumer Affairs.

Currently, examinations for the various boards in the Department of Commerce and Consumer Affairs are either prepared by board members or are contracted out to a consultant or a testing agency.

The Contractors License Board testified that under the proposed bill, examination fees will be established by the Director of the Department of Commerce and Consumer Affairs. The Director will periodically consult with the board and the testing agency to determine reasonable fees which would be remitted by an applicant directly to the testing agency after the application has been first reviewed and approved by the board.

Your Committee also received favorable testimony from the Construction Industry Legislature Organization (CILO). CILO testified that developing test questions and grading of exams by a third party will help to insure unbiased examination procedures and grading.

Accordingly, your Committee feels strongly that contracting examination services to a testing agency will immeasurably improve the examination program.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 228 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Jones.

SCRep. 65      Consumer Protection and Commerce on H.B. No. 227

The Department of Commerce and Consumer Affairs testified that this bill would improve the quality and enforceability of funeral regulation in this State. The bill contains the following provisions:

1. Requires that all trust fund monies be placed in and managed by trust companies licensed by the State of Hawaii. This would improve the current situation which permits insufficient State supervision and too much control by funeral authorities.
2. Automatic suspension of a license when a required bond is not maintained and forfeiture of the license if the bond is not reinstated within sixty days.
3. Minimum provisions be set forth in all written contracts and that copies of the contracts be filed with the Director of Commerce and Consumer Affairs.
4. That the actuarial study, audited financial statements and trust agreements filed with the Department are to be made available for public inspection.
5. Language relating to the surrender of pre-need authority licenses and authority to the Department of Commerce and Consumer Affairs to audit licensees.

6. Authority for disciplinary action when there is a failure to file actuarial studies or audited financial statements, and a failure to maintain a bond or a trust fund.

Favorable testimony was also received from the Hawaii Allied Memorial Council. The Council stated that they had the opportunity to meet with the Department to propose and incorporate amendments to this bill.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 227 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Jones.

SCRep. 66      Consumer Protection and Commerce on H.B. No. 236

The purpose of this bill is to amend Section 514E-10, Hawaii Revised Statutes, which sets forth the registration requirement for time share companies in the State.

The Department of Commerce and Consumer Affairs testified that the bonding requirement imposed by Section 514E-10, Hawaii Revised Statutes, is intended to cover any violation or default of an acquisition agent or plan manager or any of their employees of the duties and responsibilities under each position. The Department notes, however, that the present \$10,000 blanket required is insufficient to provide adequate protection to purchasers who may suffer loss as a result of any potential violation, particularly where a substantial number of purchasers is involved. Additionally, as presently worded the statute does not clearly impose this requirement for each time share plan with which the acquisition agent or plan manager is registered. Thus, a plan manager providing management services for several time share plans would only be required to post a single \$10,000 bond to cover its activities with respect to each of these plans. In the event the plan manager is found to have committed any wrongful or criminal act or omission affecting one or more of these plans, the \$10,000 amount of the bond may very well prove to be inadequate to afford purchasers under each plan the relief which they may request. The Department feels, therefore, that the director should be permitted to determine the nature of the bond required, the amount of the bond, and whether or not separate bond coverage should be obtained for each time share plan with which the acquisition agent and plan manager are registered, so as to provide reasonable, and, to every extent possible, adequate protection to time share purchasers.

The Department further testified that in light of testimony received at a recent public hearing on the proposed amendments to the time share rules, the Department would like to recommend that the bill be amended to delete the requirement that exchange companies register separately for each time share plan with which they are affiliated, as well as the requirement that these companies be bonded in the same manner as acquisition agents and plan managers. The exchange companies to which the registration requirement would be applicable may be distinguished from the acquisition agents and plan managers currently registered with the Department in that these companies deal with time share plans on a nationwide level and may offer exchange services for hundreds of different plans. To impose a separate registration and bonding requirement on these companies would prove to be onerous and could result in these companies discontinuing exchange services for Hawaii plans or bypassing the registration requirement.

Your Committee, upon further consideration, has amended this bill by deleting the proposed language on page 4, lines 21 and 22 and on page 5, lines 1 through 5.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 236, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 236, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Jones.

SCRep. 67      Consumer Protection and Commerce on H.B. No. 346

The purpose of this bill is to replace the existing statutes which govern the creation and operation of corporations with a new chapter to be referred to as the "Hawaii Professional Corporation Act".

The Business Registration Division of the Department of Commerce and Consumer Affairs has testified in support of this bill and stated that the current statutory framework does not adequately reflect the significant differences between business corporations and professional corporations. Passage of the Hawaii Business Corporation Act (Act 167, 1983 Session Laws of Hawaii), a companion bill to the Hawaii Professional Corporation Act, necessitates passage of a statute governing professional corporations.

The Division also supported the effective date of this Act, as well as changing the effective date of the Hawaii Business Corporation Act to July 1, 1987. The request to conform the effective dates of both Acts stems from the fact that the Division has not had the opportunity to examine the effects of both the Hawaii Business Corporation Act and the Hawaii Professional Corporation Act on the Division's operation.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 346 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Jones.

SCRep. 68      Water, Land Use, Development and Hawaiian Affairs and Ocean and Marine Resources on H.B. No. 184

The purpose of this bill is to establish an aquaculture advisory council to the Department of Land and Natural Resources on the development of the aquaculture industry in the State of Hawaii.

According to testimony received by your Committees, a permanent advisory council, to replace an ad hoc council which has been in existence since 1977, would be a more effective mechanism to provide the broad input necessary in making aquacultural decisions. Your Committees are in agreement that this administration bill creates such a council to coordinate state-wide activities in aquaculture development.

The Department of Planning and Economic Development recommended that the bill be amended, on page 2, lines 1-7, to enable the six voting ex-officio members to designate representatives to serve on the council. Your Committees are in agreement with the recommendation and have therefore included the phrase, on line 7, "or their designated representatives".

Your Committees on Water, Land Use, Development and Hawaiian Affairs and on Ocean and Marine Resources are in accord with the intent and purpose of H.B. No. 184, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 184, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committees.

SCRep. 69      Water, Land Use, Development and Hawaiian Affairs on H.B. No. 193

The purpose of this bill is to consolidate various sections, pertaining to wildlife, from Chapters 183, 187, 191, and 192, Hawaii Revised Statutes, into a single new Chapter 183D under Subtitle 4, in order to facilitate the referencing and locating of specific wildlife statutes, to update and clarify a few sections, and to make comprehensive changes in the powers, duties, and rules of the Department of Land and Natural Resources as they pertain to wildlife in the State.

According to testimony by the Department, current wildlife laws are scattered throughout Chapters 183, 187, 191, and 192. Your Committee is in agreement that these laws should be consolidated to make them more comprehensive and reflective of the Department's present responsibilities and structure.

The Department's testimony also included suggestions for non-substantive amendments to the bill. Your Committee is in agreement with the suggestions, excluding one recommending a changing in spelling from "moneys" to "monies", and recommends the following:

- (1) Page 13, line 15: from "in the Act" to "in the Acts";
- (2) Page 16, line 11: from "kind of wildlife or game" to "kind of wildlife including game";
- (3) Page 25, line 1: from "destructive to crops and to other game birds" to "destructive to crops or to other game birds"; and
- (4) Page 27, line 15: from "\$18714" to "\$187-14".

Your Committee on Water, Land Use, Development and Hawaiian Affairs is in accord with the intent and purpose of H.B. No. 193, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 193, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 70      Water, Land Use, Development and Hawaiian Affairs and  
Agriculture on H.B. No. 180

The purpose of this bill is to add a new section to Chapter 171, Hawaii Revised Statutes, providing for the establishment of an agricultural park revolving fund in the Department of Land and Natural Resources. Moneys in the fund are to be expended for payment of agricultural park lease rentals of privately owned lands under lease to the State of Hawaii.

Under current provisions of Section 171-112, Hawaii Revised Statutes, the Board of Land and Natural Resources is authorized to lease private property for agricultural purposes. Where privately owned lands are leased by the State for subsequent subleasing to farmers, the receipts from subleases are deposited in the State general fund and the Department of Land and Natural Resources must seek legislative appropriations for the required moneys to pay the private landowners.

According to testimony from the Board, the revolving fund being proposed would enable rentals received from the farmers to be deposited into the fund. In turn, the Department would make payments to the private landowners directly out of the revolving fund account.

Your Committees are in agreement that this administration bill is a logical method to handle a routine transaction.

Your Committees on Water, Land Use, Development and Hawaiian Affairs and on Agriculture are in accord with the intent and purpose of H.B. No. 180 and recommend that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committees.

SCRep. 71      Employment Opportunities and Labor Relations on H.B. No. 174

The purpose of this bill is to repeal the Hawaii Employment Relations Board and transfer its present functions to the Hawaii Public Employment Relations Board, which is renamed the Hawaii Labor Relations Board.

Your Committee on Employment Opportunities and Labor Relations is in accord with the intent and purpose of H.B. No. 174 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 72      Tourism on H.B. No. 517

The purpose of this bill is to appropriate \$4,834,391, for fiscal year 1985-1986 and \$5,334,391 for fiscal year 1986-1987 for operations and programs of the Hawaii

## Visitors Bureau.

Your Committee finds that tourism is the number one economic activity and the primary source of jobs throughout the state. Your Committee also finds that competition among resort destination areas worldwide is intensifying, and that unless adequate efforts to promote Hawaii and attract visitors are taken, Hawaii stands to lose a portion of its market share of the visitor industry to these other destinations.

Your Committee further finds that the Hawaii Visitors Bureau is the lead promotional agency for tourism in Hawaii and that a continuous and adequate supply of funds to support the operations and promotional programs of the Hawaii Visitors Bureau is essential to the economic health of the visitor industry and the state as a whole. This bill is intended to provide the minimal level of funding required by the Hawaii Visitors Bureau to maintain its present promotional momentum.

Your Committee on Tourism is in accord with the intent and purpose of H.B. No. 517 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

## SCRep. 73      Tourism on H.B. No. 416

The purpose of this bill is to appropriate \$150,000, for the fiscal year 1985-1986, to support a program to promote Aloha Week.

Your Committee has received testimony from Mr. Stuart Ho, Chairman for Aloha Week, who testified that Aloha Week should be "a celebration of and by our island people". "Aloha Week events should have high spectator appeal, high visibility and high participation." Aloha Week benefits both island people and tourists "when it has large, colorful, local, celebrations".

Your Committee finds that the level of funding provided by this bill would allow Aloha Week to expand the scope and direction of the festival and would create new and innovative events that would result in higher spectator interest and greater participation by the resident community and visitors.

Your Committee on Tourism is in accord with the intent and purpose of H.B. No. 416 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

## SCRep. 74      Tourism on H.B. No. 87

The purpose of this bill is to appropriate \$35,000 to the Visitor Industry Educational Council for the production of a film on career opportunities created by the tourist industry.

Your Committee finds that students need to recognize the value of tourism -- a vital industry for the State of Hawaii. A film by Visitor Industry Education Council to show advancement in job opportunities will give students the realization of jobs in the tourism industry. This film will also open the doors for other job opportunities that are directly or indirectly related to Tourism.

Your Committee on Tourism is in accord with the intent and purpose of H.B. No. 87 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

## SCRep. 75      Tourism on H.B. No. 85

The purpose of this bill is to appropriate \$600,000 for fiscal year 1985-1986 and \$600,000 for fiscal year 1986-1987, to the Hawaii Visitors Bureau for the promotion of tourism.



Your Committee finds that Governor George R. Ariyoshi, in his State of the State Address, recommended restoring \$600,000 to the Hawaii Visitor Bureau budget for each year of the 1985-1987 fiscal biennium. This bill addresses the Governor's recommendation.

Your Committee on Tourism is in accord with the intent and purpose of H.B. No. 85, and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 76      Ocean and Marine Resources and Water, Land Use, Development  
and Hawaiian Affairs on H.B. No. 192

The purpose of this bill is to implement the reorganization of aquatic resources and wildlife functions of the Department of Land and Natural Resources and to consolidate certain sections of in Title 12, Hawaii Revised Statutes, to specifically reflect aquatic resources.

The Department of Land and Natural Resources has testified that overall, this bill will facilitate referencing and locating of specific statutes, and is intended to minimize confusion, misunderstanding and misinterpretation of aquatic resources laws in the Hawaii Revised Statutes.

The Department of Land and Natural Resources further testified that there are two other bills related to this bill which has been submitted for consideration by this Legislature. The bills are H.B. 193 to consolidate all wildlife sections of Chapters 183, 187, 191 and 192, and H.B. 191 relating to the Animal Species Advisory Commission and County Aquatic Life and Wildlife Advisory Committees.

Your Committees on Ocean and Marine Resources and Water, Land Use, Development and Hawaiian Affairs, is in accord with the intent and purpose of H.B. No. 192, and recommend that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committees.

SCRep. 77      Ocean and Marine Resources on H.B. No. 218

The purpose of this bill is to establish loan reserve funds from the interest and fees collected on loans which will be used to carry out the operations of the Large and Small Fishing Vessel Loan Programs.

The Department of Planning and Economic Development testified that two major audits reported that the processing of loan accounts which the department manages should be automated and this bill will aid processing in a more timely fashion resulting in departmental savings to justify purchasing automated fiscal accounting and control services. The department further testified that the use of loan reserve funds, as required, may be utilized to hire temporary help in loan processing, servicing outstanding loans, and contracting out collection activities, as well as to hire staff for consulting and loan packaging services for borrowers.

Your Committee is in agreement that this bill will provide the efficiency in loan processing and assistance needed by the department and those they service. However, your Committee finds that such funds should be limited to the accounting, billing and collection operational needs of the department and not be expanded to include permanent staff positions or other administrative support.

Your Committee amends Section 1, line 14 of this bill to read:

"the extent needed to carry out the accounting, billing and collection operations of the program;"

Your Committee is in accord with the intent and purpose of H.B. No. 218, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 218, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

## SCRep. 78 Ocean and Marine Resources on H.B. No. 83

The purpose of this bill is to appropriate \$150,000 to the William S. Richardson School of Law at the University of Hawaii, to study the feasibility of an ocean use authority to resolve problems of user conflicts in the ocean.

Mr. Williamson B.C. Chang, Associate Professor of Law at the University of Hawaii testified that this bill should express in greater detail the scope of the study and the specific goals to be accomplished. He further recommended that the expending agency be the Legislative Reference Bureau because that arrangement has proved flexible and efficient for producing this type of study.

At the present, the State lacks a management structure and system that is capable of consolidating, coordinating, expanding and enhancing both the potential as well as the limitations of its ocean resources. As such, the State has not been able to efficiently manage its ocean resources, nor has it been able to fulfill its trust responsibilities in regards to ocean users.

The Department of Planning and Economic Development completed an Ocean Management Plan in 1983 which contained recommendations that could assist this study. The department has advised your Committee it would be available to conduct this study for \$75,000.

Your Committee is in agreement that the scope of this study include an indepth examination of ocean management opportunities that would be comprehensive and efficient. Further, your Committee is in agreement that the department conduct this study for \$75,000, and consider those recommendations contained in the 1983 Ocean Management Plan.

Your Committee on Ocean and Marine Resources has amended this bill to reflect the expanded scope of this study, to assign this study to the Department of Planning and Economic Development and to appropriate the sum of \$75,000 for this purpose.

For purposes of consistency, technical and non-substantive amendments have also been made.

Your Committee on Ocean and Marine Resources is in accord with the intent and purpose of H.B. 83, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 83, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

## SCRep. 79 Ocean and Marine Resources on H.B. No. 82

The purpose of this bill is to authorize \$60,000 for a study on the feasibility of establishing fresh and/or brackish water aquaculture parks in the State. The sum appropriated shall be expended by the Department of Land and Natural Resources.

In its testimony, the department indicated that such a study would provide information necessary to aid in decision-making on aquaculture parks, such as, potential sites, types of user interests and user characteristics, appropriateness of incorporating passive recreational activities and cost estimates for one or more sites. Further, the department recommends modifying this bill to include consideration of full-strength seawater aquaculture parks, in addition to fresh and brackish water parks, since Hawaii has significant potential for land-based mariculture.

Your Committee is in agreement with the department's recommendation that the scope of this study include the information cited in its testimony, and that seawater parks be included with fresh and/or brackish water aquaculture parks.

Your Committee amends this bill beginning on line 4, as follows:

"...for a study on the feasibility of establishing seawater, freshwater and/or brackish water aquaculture parks in the State, such study to include: Conduct a preliminary identification of potential sites around the State; provide and estimate for user interest, user characteristics and user needs; determine the appropriateness of incorporating passive recreational activities as part of the park concept; and provide a preliminary cost estimate for one or more sites."

For purposes of consistency, technical and non-substantive amendments have been made.

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

Signed by all members of the Committee.

SCRep. 80      Education on H.B. No. 724

The purpose of this bill is to provide funds to ensure the continuation of the Summer Program for the Enhancement of Basic Education (SPEBE).

Your Committee heard testimony in favor of funding this program from the Department of Education and the Hawaii State Teachers Association.

Your Committee finds that the Summer Program for the Enhancement of Basic Education improves the quality of public education by providing supplementary instruction to the basic academic disciplines. Further, the program directly encourages involvement of students, teachers, parents, school administrators, university faculty and programs, public agencies, and private business and industry.

Your Committee on Education is in accord with the intent and purpose of H.B. No. 724 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 81      Housing on H.B. No. 57

The purpose of this bill is to enable the Hawaii Housing Authority (HHA) to issue capital appreciation bonds under the Hula Mae Program.

A capital appreciation bond is similar in concept to a savings bond, which is bought at a discount price with a payoff of its full face value at maturity. During the period between its purchase at a discount and the maturity date, a capital appreciation bond accretes in value.

The principle of accretion is important, as a capital appreciation bond essentially increases in principal value rather than accruing interest. This has two ramifications: (1) such bonds are considered to bear no interest; and (2) there are no regular payments of interest as is typical for bonds. Both of these technical deviations from the typical characteristics of bonds are addressed in this measure.

The Hawaii Housing Authority testified that an eligible borrower would benefit from the use of capital appreciation bonds because there would be a savings in the mortgage rate of 0.20% to 0.25%. This improvement in yield over a conventional serial/term bond structure is achieved by issuing capital appreciation term bonds in a discounted amount, usually amounting to no more than 7% to 10% of the total amount of bonds issued.

The Authority also testified that capital appreciation bonds would enable the debt structure of a bond issue to be weighted more heavily to the lower interest serial bonds rather than the term bonds. This is accomplished because capital appreciation bonds would enable a bond issue's cash flow to support additional shorter term serial bonds. The value of capital appreciation bonds in lowering the interest cost on a bond issue has been recognized by other state housing finance agencies. To your Committee's knowledge, HHA is the only housing finance agency in the United States that is precluded by State statutes from utilizing capital appreciation bonds to benefit the target group the agency is mandated to assist. Forty-seven (47) of the states now utilize capital appreciation bonds to take advantage of the lower interest costs.

Upon recommendation by our State's bond counsel, your Committee has amended this bill by adding a new SECTION 2 to read as follows:

"SECTION 2. Part IV of Chapter 39, Hawaii Revised Statutes, is amended by adding a new section to read as follows:

"§39- For purposes of the statement of total outstanding indebtedness of the State prepared pursuant to Section 39-93, the principal amount of revenue bonds issued as deeply discounted bonds subject to redemption or retirement as the accreted value thereof which shall be deemed outstanding shall be the accreted value of such bonds."

Your Committee on Housing is in accord with the intent and purpose of H.B. No. 57, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 57, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Hirono, Jones and Kiyabu.

SCRep. 82      Housing on H.B. No. 56

The purpose of this bill is to authorize the Hawaii Housing Authority (HHA) to issue up to the maximum in tax-exempt revenue bonds permitted by the federal government in the calendar years 1985, 1986 and 1987 to fund or purchase "eligible loans" under the Hula Mae Program. Under the Federal Mortgage Subsidy Bond Act of 1980, the IRS sets the ceiling on the amount of "qualified mortgage" bonds which may be issued by each state. The IRS limit for Hawaii is \$200 million per calendar year.

The \$200 million is allocated between the HHA and the respective counties. The HHA's allocation is 50% of the \$200 million but the counties may opt to reallocate their authorization to the HHA. This bill would authorize the HHA to use the State's entire limit in the event the counties chose to allocate their authorization to the HHA for a total of \$600 million for calendar years 1985 to 1987.

The intent of the bill is to permit HHA full utilization of Hawaii's allocation in light of the "sunset" for qualified mortgage bond programs on December 31, 1987, established by the Federal Deficit Reduction Act of 1984. It is the intent of the bill to make it possible for the residents of Hawaii to enjoy the maximum amount of low mortgage funds which will be allowed by the federal government.

The HHA has presently issued \$471 million of the \$875 million authorized by Act 224, SLH 1984. The \$600 million (\$200 million for each calendar year 1985, 1986 and 1987) plus the \$471 million totals \$1,071,000,000, the limit authorized by this bill. The form of the bill has been changed to merely amend the original authorizing Act rather than creating a new section in Chapter 356. The present proposed form is the method used in each previous instance when the authorized limit was increased.

Your Committee on Housing is in accord with the intent and purpose of H.B. No. 56, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 56, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Hirono, Jones and Kiyabu.

SCRep. 83      Ocean and Marine Resources on H.B. No. 84

The purpose of this bill is to appropriate \$100,000 to enable the Department of Planning and Economic Development to establish a comprehensive mapping system.

At the present, the department is concluding a project for a limited-scale prototype ocean mapping and inventory project and an assessment of this project's general usefulness and feasibility. This project's preliminary findings indicate a need for a comprehensive automated mapping system for the State.

As a part of this project, a two week demonstration was held, where more than 200 individuals were in attendance, representing more than 21 agencies. The department views this response as further indicating the degree of interest and the need for a comprehensive mapping system.

The department testified that several organizations are presently conducting their own investigations into computer-based mapping systems. Unless coordinat-

ed, the department feels that such efforts will result in the establishment of independent systems which would be incompatible or in duplication of each other.

Your Committee is in agreement that there is a need to establish a comprehensive and efficient mapping program through a centralized source to avoid the creation of independent mapping systems that would be duplicating or incompatible with other systems, and more costly than necessary.

Your Committee on Ocean and Marine Resources is in accord with the intent and purpose of H.B. No. 84 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 84      Ocean and Marine Resources on H.B. No. 187

The purpose of this bill is to amend Sections 187-1 and 189-2 of the Hawaii Revised Statutes to require a license for the taking of marine life for commercial purposes, whether the marine life is taken in or outside of the State, or landed in or shipped out of the State; to require a commercial marine license by vessel charter services for the taking of marine life; to provide that a marine license may be issued to a vessel as well as an individual, and that the license fee be increased.

The Department of Land and Natural Resources testified that these proposed amendments are intended to clarify and update the definitions of "commercial purpose" and "commercial license" in Section 187-1, to be consistent with the language of Section 189-2. The department further indicated that this bill will make clear that any commercial taking of fish regardless of whether the taking of fish occurs inside or outside of the State, will require a commercial marine license, to include vessel charter services. This bill will allow the issuance of a commercial marine license to a vessel with the fee determined by the number of persons on the vessel and proposes to increase the fees of commercial marine licenses.

Your Committee agrees with the department that there is need to clarify and update the definitions of Section 187-1 to be consistent with the language of Section 189-2. Your Committee agrees that commercial marine licenses should be required of vessel charter services, and that commercial marine licenses should be issued to fishing vessels based on the number of persons fishing, as well as to individuals.

While your Committee agrees that license fees should be increased, there is a need to examine the full benefits of such an increase. Such an examination would include developing a user scale, such as, commercial, recreational and/or subsistence and determining whether the license fees should be raised higher than is proposed in this bill. Your Committee expects to conduct such an examination during the interim, therefore, license fees will remain the same until the next Legislative session.

Your Committee on Ocean and Marine Resources is in accord with the intent and purpose of H.B. No. 187, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 187, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Crozier and Tajiri.

SCRep. 85      Corrections and Rehabilitation on H.B. No. 95

The purpose of this bill is to appropriate funds for expansion of educational and vocational training programs in correctional facilities.

Your Committee finds that educational and vocational training programs are essential for developing inmate competency for integration back into the community.

Your Committee has amended this bill by inserting the sum of \$71,316, to be appropriated toward the purposes specified in this bill. This appropriation will provide the Department of Social Services and Housing with the resources to begin the development of a statewide program to achieve coordination of educational and vocational programs among all of the correctional facilities. Furthermore, the

funding will allow for the orderly transfer of educational programming from the University of Hawaii to the Department which is scheduled to proceed in July, 1986. Your Committee has also designated the Department of Social Services and Housing as the expending agency.

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

Signed by all members of the Committee.

SCRep. 86      Corrections and Rehabilitation on H.B. No. 94

The purpose of this bill is to appropriate funds for the repair and maintenance of prison facilities.

Your Committee finds that this appropriation would help the Department of Social Services and Housing to administer properly programs designed to improve the well-being, treatment, and rehabilitation of adult and juvenile offenders by providing an adequate environment. Furthermore, your Committee finds that some of the prison facilities are in a rundown condition and are in serious need of repair and maintenance.

Your Committee has amended this bill by inserting the sum of \$233,125, to be appropriated for roof repair and the fumigation of the Correctional Training Facility; and for building repair and maintenance at the Oahu Community Correctional Center.

Your Committee has also designated the Department of Social Services and Housing as the expending agency.

Your Committee on Corrections and Rehabilitation is in accord with the intent and purpose of H.B. No. 94, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 94, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 87      Corrections and Rehabilitation on H.B. No. 705

The purpose of this bill is to allow the Governor to authorize the Director of Social Services and Housing to consent to the transfer or exchange of offenders if a treaty is in effect between the United States and a foreign country which provides for the transfer or exchange of convicted persons to the country of which they are citizens or nationals.

Your Committee finds that the ability to transfer foreign prisoners could contribute to the easing of crowded conditions in our State institutions. It would also allow such prisoners to be under the control of their home country. United States citizens are returned as federal prisoners, not State prisoners, so the exchange would not increase State prison populations.

Your Committee on Corrections and Rehabilitation is in accord with the intent and purpose of H.B. No. 705, and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 88      Agriculture on H.B. No. 916

The purpose of this bill is to appropriate \$100,000 for fiscal year 1985-1986 through the State Department of Agriculture to the Papaya Administrative Committee, on a dollar-for-dollar matching basis, for the promotion of papayas.

Your Committee finds that following pineapple, papaya is the second leading fresh fruit exported from Hawaii, and represents an important component of the state's diversified agriculture industry, especially in the Counties of Hawaii and Kauai.



Recent set-backs suffered by the industry, such as the devastation caused by Hurricane Iwa, the EPA ban on ethylene dibromide, and the adverse marketing effects of the double-dip system, have all combined to seriously threaten the economic viability of the industry.

Your Committee also finds that in order to regain the market's confidence in papayas which has been lost as a result of these setbacks, and to increase consumer demand to a profitable level, there is a need to implement a new advertising program on the mainland aimed at consumers.

Your Committee has amended this bill by appropriating an additional \$100,000 for fiscal year 1986-1987.

Your Committee on Agriculture is in accord with the intent and purpose of H.B. No. 916, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 916, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 89      Agriculture on H.B. No. 878

The purpose of this bill is to authorize the issuance of general obligation bonds in the sum of \$2,400,000 for plans, design, and construction of post-harvest cooling facilities.

Your Committee finds that there is a need for the construction of cooling facilities throughout the State to treat fresh agricultural produce to insure that it can be marketed in prime condition. Fresh produce that is not rapidly cooled after harvest can lose quality in a relatively short time.

Your Committee also finds that the lack of available post-harvest cooling facilities has been identified as a major constraint to the development of the diversified agriculture industry. The availability of such facilities will assist this industry by allowing for some flexibility between supply and demand, by extending the harvesting period to include the day prior to actual shipping, by providing the option to grow more perishable crops, and by allowing growers to consolidate shipments and utilize lower container shipping rates.

Your Committee has received testimony from both the Hawaii Farm Bureau Federation and the University of Hawaii College of Tropical Agriculture and Human Resources indicating that a particular need for such a facility has been identified on the island of Molokai where agricultural growth rates have been increasing significantly.

Your Committee has amended this bill by changing the expending agency from the Department of Accounting and General Services to the Department of Agriculture.

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

Signed by all members of the Committee.

SCRep. 90      Agriculture on H.B. No. 913 (Majority)

The purpose of this bill is to appropriate \$200,000 for fiscal year 1985-1986, and \$200,000 for 1986-1987, to the Marketing Order Revolving Fund to help defray the costs to the papaya industry of providing necessary inspection services.

Your Committee finds that under the Federal Marketing Order Program for Papaya, the industry is to underwrite the cost of enforcing self-imposed regulations.

Since September 1, 1984, the industry has been using the double-dip treatment process for fruit fly control in place of ethylene dibromide which had been banned by the Environmental Protection Agency. As part of the double-dip process, the United States Department of Agriculture, Animal and Plant Health Inspection Ser-

vice, requires that an inspector be present at all times at the packing plant to insure that the treated papaya does not exceed prescribed maturity requirements.

Your Committee also finds that during the past few years the papaya industry has suffered a number of unpredictable set-backs which have contributed to exceptionally low grower returns. These returns to the grower are further depleted by the imposition of industry assessments which are used, in-part, to off-set the costs of providing the required inspection services. Your Committee is of the opinion that this bill will provide needed assistance to an already distressed industry and lessen the financial burden imposed on the individual growers.

Your Committee has made one technical, non-substantive amendment to this bill to correct a drafting error.

Your Committee on Agriculture is in accord with the intent and purpose of H.B. No. 913, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 913, H.D. 1, and be referred to the Committee on Finance.

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

SCRep. 91      Health on H.B. No. 448

The purpose of this bill is to appropriate from the general revenues of the State of Hawaii the sums of \$150,720 and \$128,720 for the fiscal periods 1985-86 and 1986-87, respectively, for Kahuku Hospital as an operating subsidy.

The operating income of Kahuku Hospital is heavily dependent on the number of physicians with offices in the Northshore area. But because the Northshore population is highly medicare/medicaid reliant and also because unemployment is very high among the population, both of these factors being important indicators of poor ability to pay for private medical services, the Northshore area has lost a significant portion of its practicing physicians. This, in turn, has caused the hospital to experience a drop in operating income, since fewer doctors mean less utilization of hospital facilities. The high unemployment rate in the area has also meant that the hospital has had to render heavier than expected free care to those people who do not qualify for indigent or medically indigent care. During the past fiscal year, this free care provided by Kahuku Hospital amounted to \$40,000.

A portion of the amounts requested by Kahuku Hospital will go toward enabling the hospital to replace some old and outdated equipment. The hospital administrator is concerned that unless such equipment is replaced the problem of civil liability will increase.

The hospital is also requesting that a portion of the funds appropriated be allocated for the replacement of two old motor vehicles. A van and a compact sedan are very old and need to be replaced. An urgent reason for the replacement of the vehicles is that the vehicles are used to travel long distances because of the location of the hospital, and the conditions of the vehicles are such as to cause concern for the safety of those who use them.

The director of the department of health testified in favor of the granting of a subsidy but expressed the view that the request should more properly have been made in compliance with the provisions of chapter 42, Hawaii Revised Statutes.

Your Committee has amended the bill to provide that the amounts appropriated shall be in the form of a grant-in-aid and not an operating subsidy since there may be a question of the legality of a grant of an operating subsidy.

Your Committee on Health is in accord with the intent and purpose of H.B. No. 448, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 448, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Hirono.

SCRep. 92      Health on H.B. No. 444

The purpose of this bill is to appropriate out of the general revenues of the State of Hawaii a sum of money for fiscal year 1985-1986, to provide twenty-four hour ambulance service for the Waialua area on Oahu.

Twenty-four hour emergency ambulance service is not now available to the people living in and visiting the Waialua area. In recent years, there has been a tremendous increase in the number of Honolulu residents and tourists visiting the Waialua area, especially on weekends, and this factor, together with the rapidly increasing population of the area, have given rise to an ever increasing number of incidents requiring emergency ambulance service. Presently, Waialua has forty hours of emergency ambulance service available during a one week period, and when it is not in service, it is served by the Wahiawa and Kahuku units.

Testimonies were presented by several persons either for themselves or as representatives of various civic organizations of Waialua strongly supporting the measure. The tenor of their testimonies was that Waialua needs twenty-four hour ambulance service because the service they are now receiving is inadequate, slow, which is a cause for great concern among them, and not comparable to that being provided for all other areas of Oahu. The Department of Health by its representative testified in favor of the bill.

Your Committee amended the bill to provide that the funding would be for the fiscal periods 1985-86 and 1986-87 instead of only for 1985-86 as provided in the bill.

Your Committee on Health is in accord with the intent and purpose of H.B. No. 444, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 444, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Hirono.

SCRep. 93      Water, Land Use, Development and Hawaiian Affairs on H.B. No.  
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The purpose of this bill is to provide general fund moneys to supplement the special fund budget of the Office of Hawaiian Affairs (OHA) for the fiscal biennium 1985-1987.

General fund supplements are necessary to permit OHA to serve non-native Hawaiians as well as native Hawaiians. This, in turn, is the result of a legal opinion which says, in effect, that OHA's land trust income may not be expended to benefit non-native Hawaiians. The supplemental general fund appropriations are made only in response to requests from OHA; they are not initiated by the State. Upon receiving the requests they are reviewed and treated in the same manner as requests from the State's executive agencies.

Your Committee has reviewed the budget as proposed by this bill and concludes as follows:

(1) As presented, the bill proposes a "lump sum budget"--a single figure for the biennium with annual breakdowns specified. Your Committee has in the past agreed that a lump sum approach to appropriations was desirable to provide some flexibility in budget execution. Any special concern which needed emphasis could be spelled out in a "proviso" section in the bill or in the accompanying committee report.

Your Committee, however, is now of the opinion that "program" budgeting is preferable. As indicated in OHA's testimony before the Committee on January 29, 1985 (see page 7, first paragraph under "Program Budgeting"): "Program budgeting is a technique in which [sic] spending plans are formulated and appropriations are made on the basis of the expected results of services to be performed by organizational units."

An important virtue of program budgeting is accountability. By reviewing and making decisions according to programs, the Legislature can more adequately gauge how responsibly its appropriations are handled by the agencies concerned.

Your Committee has amended the bill by providing appropriations by programs.

(2) Your Committee is aware of the prevailing "current service" approach to appropriations for the biennium and has reviewed the requests in this light. All appropriations recommendations in the amended bill reflect this approach except, possibly, that of OHA 108.

In the approved budget and appropriations for the current biennium for OHA 108, there is a total of \$19,250 in general fund moneys representing the State's participation in two OHA projects specifically approved by the Legislature. The projects are ARCATA Joint Venture and Minority Enterprise Small Business Investment Company (MESBIC). Testimony given by the agency on February 1, 1985 indicates that both projects have been abandoned. It is assumed that the moneys appropriated for these projects are still available and will be lapsed at the end of the current fiscal biennium to keep faith with the intent of the Legislature when the appropriations are made.

Your Committee has inserted a proviso in the appropriations section of this bill that, for OHA 100, the sum of \$19,250 shall be deducted from the general fund appropriation approved for fiscal year 1985-1986 if a like amount is not lapsed from OHA's current appropriation at the close of the current biennium.

The action recommended above is to emphasize the contractual nature of a budget. The requesting agency proposes an expenditure for certain specified purposes and the Legislature, if it agrees, approved both the sum of money requested and the purpose of the expenditure. Good faith in the execution of the contract (budget) is essential to a good relationship between contracting parties.

(3) The bill, in Section 2, proposes that general fund moneys appropriated to OHA "shall be held in trust in accordance with Article XII, Section 5 and Section 6, of the State Constitution." Your Committee takes cognizance of H.B. No. 564, which was introduced subsequent to this bill, apparently to clarify this section, which adds a phrase as follows: "and credited to a revolving fund to be known as the Office of Hawaiian Affairs revolving fund."

Your Committee, in evaluating the proposal, is of the opinion that the idea expressed in the section cannot be accepted. Firstly, general fund budget appropriations are intended for a specified period. To make such appropriations permanent makes a mockery of the budget process. Secondly, budget appropriations are made only after programs are evaluated and the kind and scope of activities are reviewed and approved. To permit general fund appropriation moneys to be placed beyond the purview of the appropriating authority is not good budget practice. Lastly, general fund budget appropriations are intended to finance certain activities which benefit non-native Hawaiians just as OHA's revenues are intended to benefit native Hawaiians only. To permit general fund moneys to be kept by OHA for its general purposes, as proposed, would be a violation of the intent to distinguish between the two kinds of moneys and their uses. Your Committee has therefore deleted Section 2.

Your Committee on Water, Land Use, Development and Hawaiian Affairs is in accord with the intent and purpose of H.B. No. 404, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 404, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 94      Water, Land Use, Development and Hawaiian Affairs on H.B. No.  
179

The purpose of this bill is to increase from \$100,000 to \$200,000 the amount of money in the special land and development fund for incidental maintenance of lands under the control and management of the Board of Land and Natural Resources.

The moneys are used for repair of sidewalks, removal of fallen trees or trees posing a danger to structures, stream clearing, and many other uses associated with the state-wide maintenance of lands under the control of the Board. According to testimony, the current authorization (\$100,000) is insufficient to do an adequate job of maintenance and the requested amount will permit a more comprehensive maintenance effort.

Your Committee on Water, Land Use, Development and Hawaiian Affairs is in accord with the intent and purpose of H.B. No. 179 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 95      Water, Land Use, Development and Hawaiian Affairs on H.B. No.  
686

The purpose of this bill is to amend the general excise tax law by exempting the gross proceeds or gross income arising from the carrying out of a new business for the first year after the new business is established.

The present statute does not allow any corporation, partnership, individual, or group of individuals having gross income but not having engaged in any business subject to the general excise tax to be eligible to claim the exemption. Your Committee is in agreement that disincentives to business development should be removed and that the exemption would improve the business climate of Hawaii.

Your Committee on Water, Land Use, Development and Hawaiian Affairs is in accord with the intent and purpose of H.B. No. 686 and recommends that it pass Second Reading and be referred to the Committee on Finance

Signed by all members of the Committee.

SCRep. 96      Water, Land Use, Development and Hawaiian Affairs on H.B. No.  
1075

The purpose of this bill is to exempt the sale of "capital goods" from tax liability under the general excise and use tax law. The bill also defines "capital goods" as tangible personal property which may be depreciated under Section 167, Internal Revenue Code, or subjected to accelerated cost recovery under Section 168, as such sections are operative in the State.

In testimony before your Committee, the Department of Taxation expressed reservations on this bill inasmuch as a reduction in the general excise tax base should be expected. However, your Committee is of the opinion that the proposed exemption would send out a clear signal to high-technology industries, most of which are "capital goods" intensive, that Hawaii is an appropriate site to locate their companies. The presence of both general excise and use tax only serves as a disincentive for high-technology industrial growth and development and presents a disadvantage to competition from other Asian and U.S. mainland firms.

Your Committee is fully aware that the general excise and use tax bases would be affected, if this bill is enacted; however, the resultant increase in industrial growth and improved employment opportunities would counter any loss in one tax base with increases in other tax bases.

Your Committee on Water, Land Use, Development and Hawaiian Affairs is in accord with the intent and purpose of H.B. No. 1075 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 97      Water, Land Use, Development and Hawaiian Affairs on H.B. No.  
1005

The purpose of this bill is to amend Chapter 231, Hawaii Revised Statutes, by allowing taxpayers to pay their state tax liability by transferring ownership of real property to the State, provided that the fair market value of the property is at least equal to the amount of the tax assessed and levied.

The bill proposes that a taxpayer may opt to pay his or her taxes by transferring title of real property to the State. The Department of Taxation would then have to determine the fair market value of such property and approve the transfer of title, given several preliminary determinations: that the fair market value be equal to the taxes owed, that there be no lien on the property, that payment of the tax not be under protest, and that the Board of Land and Natural Resources

declare a State use for the property. Upon receipt of title, the Department of Taxation shall notify the Director of Finance and transmit the title to the Department of Land and Natural Resources. Any such conveyance under this bill shall not be subject to the conveyance tax.

Your Committee is of the opinion that this bill offers an innovative method of tax payment to the State. However, your Committee is in agreement with the testimony from the Department of Taxation that proper procedures in transferring property from private ownership to the State must be administered carefully. Consideration must be made regarding record-keeping requirements, appraisal of fair market value of property, manpower to research title and potential State use of property.

Your Committee on Water, Land Use, Development and Hawaiian Affairs is in accord with the intent and purpose of H.B. No. 1005 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 98      Water, Land Use, Development and Hawaiian Affairs on H.B. No.  
923

The purpose of this bill is to amend Section 26-15, Hawaii Revised Statutes, by enabling the Chairperson of the Board of Land and Natural Resources to appoint a hearings officer for contested cases and to authorize the officer to provide findings of facts and conclusions of law and to recommend decisions to the Board.

Your Committee received testimonies from the Department of Land and Natural Resources, State of Hawaii, and the Department of Land Utilization, City and County of Honolulu, in support of this bill. According to testimony, adversary proceedings often take up a considerable amount of time, and members of the Board of Land and Natural Resources are hard-pressed to attend the proceedings in their entirety. Moreover, the public hearings on contested cases are held in the areas of the proposed projects, and Board members are often, again, unable to attend these hearings. The appointment of a hearings officer would provide an effective mechanism whereby contested cases or adversary proceedings might receive public hearing and preliminary findings of fact, conclusions of law, and recommended decisions, prior to final review and approval by the Board.

Your Committee on Water, Land Use, Development and Hawaiian Affairs is in accord with the intent and purpose of H.B. No. 923 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 99      Water, Land Use, Development and Hawaiian Affairs on H.B. No.  
809

The purpose of this bill is to improve social and economic conditions in depressed areas in the State which have been bypassed by economic growth, by designating enterprise zones in every county to stimulate economic growth and job creation and by enabling State and county agencies to participate in the federal enterprise zone program. The bill also provides for tax incentives or concessions to businesses in any enterprise zone.

Your Committee received testimonies, from State and county agencies, all in support of the concept of enterprise zoning for Hawaii. Although the federal government has not yet instituted its own enterprise zone program, your Committee is of the opinion that Hawaii should be ready to benefit from any enterprise zone program once begun. All testimonies recognized the benefits to be accrued in employment opportunities, business development and growth, and improvement in social conditions in depressed areas. The bill proposes to have a maximum of six depressed areas in the State declared as enterprise zones, three in the City and County of Honolulu and one each in the Kauai, Maui, and Hawaii counties. The Department of Planning and Economic Development would assume some responsibility in assisting the counties in establishing and maintaining these enterprise zones, including the establishment of a master business license for enterprise zone businesses.



Your Committee on Water, Land use, Development and Hawaiian Affairs is in accord with the intent and purpose of H.B. No. 809 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 100      Water, Land Use, Development and Hawaiian Affairs on H.B.  
No. 884

The purpose of this bill is to authorize general obligation bonds and appropriate the same sum for plans and construction of a sand beach on Coconut Island Park, County of Hawaii.

Your Committee held a public hearing on H.R. No. 120 entitled: "HOUSE RESOLUTION CONCERNING THE DEVELOPMENT OF A SAND BEACH ON COCONUT ISLAND PARK, HAWAII", and concurred with its intent and purpose. Testimonies from the Department of Land and Natural Resources, State of Hawaii, and the Department of Research and Development, County of Hawaii, favored passage of the resolution. Your Committee is in agreement that the necessary impetus should be provided toward realizing a County of Hawaii plan to increase recreational opportunities for visitors and local residents alike.

Your Committee has also agreed to leave unspecified in the bill the sum of general obligation bonds to be authorized such that the subsequent committee may hold its own public hearing and make its own determination on funding this project.

Your Committee on Water, Land Use, Development and Hawaiian Affairs is in accord with the intent and purpose of H.B. No. 884 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 101      Housing on H.B. No. 997

The purpose of this bill is to make a \$2 million appropriation for the State's Rental Assistance Program.

Your Committee agrees with the findings set forth in SECTION 1 of the bill, which outlines the seriousness of the rental housing situation in Hawaii. Increasing development, construction and maintenance costs are a few of the key factors inhibiting the development of new rental housing. Moreover, with key federal subsidy program no longer being funded for new construction, your Committee believes the State must help subsidize the development of affordable rental units.

The Rental Assistance Program, created under Part III of Chapter 356, HRS, provides subsidies to qualified owners of rental projects in order that rentals on all or a portion of the units in an eligible rental project can be maintained at affordable levels.

The Hawaii Housing Authority estimates the \$2 million appropriation can assist in the development of 80 to 100 new units, which would be available at rents affordable to those of lower and moderate income. The principal would not be expended but only the income from the principal will be used to subsidize the rents.

Your Committee on Housing is in accord with the intent and purpose of H.B. No. 997 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 102      Human Services on H.B. No. 51

The purposes of this bill are to: (1) establish a Children's Trust Fund, moneys from which are to be used to fund secondary and tertiary child abuse prevention; (2) establish surcharges on birth certificates, marriage certificates and divorce filing fees which will be the major sources of revenue for the Children's Trust Fund; and (3) establish an advisory committee to formulate funding criteria and recommend projects to receive grants.

Your Committee received much testimony in support of the concept of a Children's Trust Fund for the prevention of child abuse. Between 1970 and 1980, the Department of Social Services and Housing (DSSH) indicates that the number of children reported abused rose from 972 to 2,121 for an average annual increase of 18%. By 1983, the number of reports was up to 3,163 or a 33% annual increase. By 1987, the DSSH projects that the number of reports will reach over 6,000. These statistics point out the need for prevention services, which presently are sorely lacking in our community.

The ability of the DSSH to cope with the increase, and the DSSH's ability to protect our children from abuse has been seriously called into question. Your Committee believes that without added resources being provided to child abuse prevention, the societal costs of dealing with the effects of child abuse will be prohibitive. Your Committee notes that studies have shown the direct correlation between the prison population and abused children.

During the period 1980 to 1984, fourteen children have died from child abuse. Your Committee believes that unless more resources are devoted quickly to prevention, the number of reported cases will continue to escalate and more children will die.

Your Committee strongly believes that child abuse is not the responsibility of the DSSH alone, but the entire community's. Public, as well as private, efforts, activities and dollars are necessary. Federal legislation has been enacted allowing States with Children's Trust Fund mechanisms to receive \$1 of federal funds for every \$3 the State makes available for child abuse prevention activities when the federal act is funded. Your Committee believes that the harnessing of joint federal-state-private sector initiatives in this area can best be achieved by means of a special fund.

Your Committee made several changes to the bill as initially proposed. The National Committee for the Prevention of Child Abuse (NCPA), the Hawaii Council of Churches, Waipahu United Church of Christ, Office of Children and Youth and the Department of Health believed that primary and secondary prevention programs, rather than secondary and tertiary prevention programs, would provide a continuum of services, starting from before birth and ending in adult parenting responsibility, resulting in a more effective effort in child abuse prevention.

Secondary prevention programs are those directed to high-risk families. Social and medical science have advanced to the point of identifying characteristics common to high-risk families. Your Committee believes that while tertiary programs, which are those programs dealing with identified child abusers, are important, tertiary prevention programs are more closely aligned with treatment programs. Your Committee, therefore, added primary prevention and deleted references to tertiary prevention programs wherever found.

Of prime importance to the concept encompassed in this bill is the emphasis on the partnership between the private and public sectors in the State. To ensure participation by both, your Committee has amended the bill to provide for an advisory committee consisting of 7 members, with 4 members from the public sector and 3 from the private sector. Your Committee has also amended this bill to allow the Director of Health to receive gifts and bequests from private sources.

Your Committee has also amended the bill by clearly specifying the functions of the advisory committee, particularly with regard to the administration and awarding of federal funds, as outlined in P.L. 98-473 and P.L. 98-457.

Of great concern to your Committee was the possibility of conflicts of interest arising as a result of the appointment of private citizens to the Children's Trust Fund Advisory Committee. Your Committee was concerned that a person appointed to the committee may also be involved in the request for funds and/or solicitation of proposals by the committee. Your Committee has specified that a provider of services in the child abuse area, or one that could have a personal interest in the award of a grant, may not be appointed to the advisory committee by the governor.

Your Committee amended the bill by re-naming the advisory committee the "Children's Trust Fund Advisory Committee" to enable the Governor to appoint or reappoint members of the committee free from any conflict of interest.

Your Committee, as a result of the surcharge on birth certificates, was con-

cerned about the added cost that may have to be borne by those attempting to show their genealogies. Your Committee has therefore amended the bill by adding a provision to all three surcharges allowing for the waiver of the surcharge when the basic fee is waived.

Your Committee was also concerned that adding a surcharge to the filing fee for divorces may not provide a sufficient rational relationship between the incidence of child abuse and those desiring to be divorced. Your Committee amended this bill by adding the phrase "Upon the granting of a divorce" at the beginning of the surcharge language for divorce decrees on page 9, line 3. Your Committee believes that after the divorce has been granted, the correlation between single parents and child abuse has been sufficiently established to provide a rational relationship between the surcharge and the purpose to be served by the bill.

Your Committee also made technical, nonsubstantive amendments to this bill for purposes of style and clarity.

Your Committee on Human Services is in accord with the intent and purpose of H.B. No. 51, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 51, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Morgado.

SCRep. 103      Agriculture and Water, Land Use, Development and Hawaiian  
Affairs on H.B. No. 59

H.B. No. 59 was introduced as a short-form bill, which is sometimes referred to as a "vehicle" bill primarily used for convenience to introduce a bill containing only a general idea as to its purpose and means without specific details in long form. Your Committees have amended the bill to provide the substantive contents of the bill in long form so that a public hearing may properly be held on its substantive provisions. Without the amendment providing the substantive contents, members of the public cannot be duly apprised, in advance of the hearing, as to what the bill specifically purports to do and the specific means by which it intends to achieve the desired results. Thus, a hearing on a short-form bill may not be helpful, and a notice thereof could be less meaningful.

Your Committees on Agriculture and Water, Land Use, Development and Hawaiian Affairs are in accord with the intent and purpose of H.B. No. 59, as amended herein, and recommend that it be recommitted to the Committees on Agriculture and Water, Land Use, Development and Hawaiian Affairs, for the purpose of holding a public hearing thereon, in the form attached hereto as H.B. No. 59, H.D. 1.

Signed by all members of the Committees.

SCRep. 104      Human Services on H.B. No. 771

The purpose of this bill is to make an appropriation for programs relating to prevention, early intervention and treatment of spouse abuse.

H.B. No. 771 was introduced as a short-form bill, which is sometimes referred to as a "vehicle" bill primarily used for convenience to introduce a bill containing only a general idea as to its purpose and means without specific details in long form. Your Committee has amended the bill to provide the substantive contents of the bill in long form so that a public hearing may properly be held on its substantive provisions. Without the amendment providing the substantive contents, members of the public cannot be duly apprised, in advance of the hearing, as to what the bill specifically purports to do and the specific means by which it intends to achieve the desired results. Thus, a hearing on a short-form bill may not be helpful, and a notice thereof could be less meaningful.

Your Committee on Human Services is in accord with the intent and purpose of H.B. No. 771, as amended herein, and recommends that it be recommitted to the Committee on Human Services, for the purpose of holding a public hearing thereon, in the form attached hereto as H.B. No. 771, H.D. 1.

Signed by all members of the Committee except Representatives Cavasso and Morgado.

## SCRep. 105 Human Services on H.B. No. 774

The purpose of this bill is to make an appropriation for primary, secondary and tertiary prevention programs in child abuse.

H.B. No. 774 was introduced as a short-form bill, which is sometimes referred to as a "vehicle" bill primarily used for convenience to introduce a bill containing only a general idea as to its purpose and means without specific details in long form. Your Committee has amended the bill to provide the substantive contents of the bill in long form so that a public hearing may properly be held on its substantive provisions. Without the amendment providing the substantive contents, members of the public cannot be duly apprised, in advance of the hearing, as to what the bill specifically purports to do and the specific means by which it intends to achieve the desired results. Thus, a hearing on a short-form bill may not be helpful, and a notice thereof could be less meaningful.

Your Committee on Human Services is in accord with the intent and purpose of H.B. No. 774, as amended herein, and recommends that it be recommitted to the Committee on Human Services, for the purpose of holding a public hearing thereon, in the form attached hereto as H.B. No. 774, H.D. 1.

Signed by all members of the Committee except Representatives Cavasso and Morgado.

## SCRep. 106 Human Services on H.B. No. 775

The purpose of this bill is to make an appropriation for programs relating to the prevention and treatment of sex abuse.

H.B. No. 775 was introduced as a short-form bill, which is sometimes referred to as a "vehicle" bill primarily used for convenience to introduce a bill containing only a general idea as to its purpose and means without specific details in long form. Your Committee has amended the bill to provide the substantive contents of the bill in long form so that a public hearing may properly be held on its substantive provisions. Without the amendment providing the substantive contents, members of the public cannot be duly apprised, in advance of the hearing, as to what the bill specifically purports to do and the specific means by which it intends to achieve the desired results. Thus, a hearing on a short-form bill may not be helpful, and a notice thereof could be less meaningful.

Your Committee on Human Services is in accord with the intent and purpose of H.B. No. 775, as amended herein, and recommends that it be recommitted to the Committee on Human Services, for the purpose of holding a public hearing thereon, in the form attached hereto as H.B. No. 775, H.D. 1.

Signed by all members of the Committee except Representatives Cavasso and Morgado.

## SCRep. 107 Human Services on H.B. No. 780

The purpose of this bill is to make an appropriation for a grant-in-aid for the County of Kauai, Office of Elderly Affairs for fiscal year 1985-1986.

H.B. No. 780 was introduced as a short-form bill, which is sometimes referred to as a "vehicle" bill primarily used for convenience to introduce a bill containing only a general idea as to its purpose and means without specific details in long form. Your Committee has amended the bill to provide the substantive contents of the bill in long form so that a public hearing may properly be held on its substantive provisions. Without the amendment providing the substantive contents, members of the public cannot be duly apprised, in advance of the hearing, as to what the bill specifically purports to do and the specific means by which it intends to achieve the desired results. Thus, a hearing on a short-form bill may not be helpful, and a notice thereof could be less meaningful.

Your Committee on Human Services is in accord with the intent and purpose of H.B. No. 780, as amended herein, and recommends that it be recommitted to the Committee on Human Services, for the purpose of holding a public hearing thereon, in the form attached hereto as H.B. No. 780, H.D. 1.

Signed by all members of the Committee except Representatives Cavasso and Morgado.

SCRep. 108      Water, Land Use, Development and Hawaiian Affairs on H.B.  
No. 154

The purpose of this bill is to amend Section 208, Hawaiian Homes Commission Act, 1920, as amended, by giving a lessee of a tract of land made available by the Commission more than one year in which the lessee must occupy and begin use of a homestead lot. The current law stipulates that occupancy and commencement of use must occur within one year after the lease is made.

According to testimony by the Department of Hawaiian Home Lands, the current law is based on an assumption that the homestead lot has already been developed to the extent that a lessee can occupy or begin using it within one year.

The Department now intends to award homestead leases for unimproved lands or lands with minimal improvements. This, in turn, is to meet the tremendous pent-up demand for homestead leases, a demand that cannot be met if all of the normal infrastructure is to be installed by the Department. Your Committee is of the opinion that potential lessees of these lands will need more than one year to occupy and begin use of the lands. Moreover, your Committee is in agreement with testimony that the time requirement for occupancy be addressed in the lease itself.

Your Committee is also in agreement that the new statutory material on page 3, lines 4-6, of the bill is a minor clarification and replacement of statutory material to be repealed on page 3, lines 11-13.

Your Committee on Water, Land Use, Development and Hawaiian Affairs is in accord with the intent and purpose of H.B. No. 154 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 109      Water, Land Use, Development and Hawaiian Affairs on H.B.  
No. 155

The purpose of this bill is to amend Section 207, Hawaiian Homes Commission Act 1920, as amended, by allowing the Department of Hawaiian Home Lands greater flexibility in granting licenses to the United States government for the use of leased lands.

Under current law the Department is authorized, with the approval of the Governor of Hawaii, to grant licenses to the federal government for the five-year terms, renewable for additional three-year terms, for use of leased lands for reservations, roads and other rights-of-way, water storage and distribution facilities, and practice target ranges. According to testimony by the Department, two amendments are recommended and justifiable:

(1) A license issued to the federal government for use of Hawaiian Home lands is the only type of disposition which presently requires the Governor's approval. The Department recommends that uniform treatment be applied with the removal of executive approval.

(2) Act 125, Session Laws of Hawaii 1983, removed a 21-year restriction on licenses issued for public utilities purposes and public purposes and for mercantile establishments. However, licenses issued to the federal government are restricted to a maximum of five years. The Department recommends that the restriction be removed, that there be no provision for license extension for additional three-year terms, and that a uniform method of license disposition be applied.

Your Committee is in agreement that these amendments, proposed by the administration, would provide the Department with greater flexibility in granting licenses for use of lease Hawaiian Home lands by the federal government.

Your Committee on Water, Land Use, Development and Hawaiian Affairs is in accord with the intent and purpose of H.B. No. 155 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 110      Employment Opportunities and Labor Relations on H.B. No.  
267

The purpose of this bill is to make it unlawful for an employer to discharge or take disciplinary action against an employee because of assignment by court of future wages for payment of child support.

Your Committee has corrected a typographical error on page one, line five to read 'employer' in place of 'employee'.

Your Committee on Employment Opportunities and Labor Relations is in accord with the intent and purpose of H.B. No. 267, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 267, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 111      Agriculture on H.B. No. 112

The purpose of this bill is to amend Section 147-71, HRS, by changing the definition eggs so as not to include eggs cooked in the shell; and to amend the Department of Agriculture's procedures for imposing penalties under Section 147-80, HRS, to give alleged violators the option to waive the right to a formal hearing.

Your Committee finds that the present law interprets eggs as both cooked and uncooked chicken eggs in-shell. Grade standards for shell eggs, however, are generally not applicable to cooked in-shell eggs.

Your Committee also finds that by allowing an alleged violator to waive the right to a formal hearing, in those instances when the proposed penalty is minimal or the alleged violator admits guilt, the unnecessary cost and time of holding formal hearing could be dispensed with.

Your Committee on Agriculture is in accord with the intent and purpose of H.B. No. 112, and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Pfeil.

SCRep. 112      Agriculture on H.B. No. 113

The purpose of this bill is to amend Section 145-10, HRS, relating to the Department of Agriculture's procedures for imposing penalties, to give alleged violators the option to waive the right to a formal hearing.

Your Committee finds that by allowing an alleged violator to waive the right to a formal hearing, in those instances when the proposed penalty is minimal or the alleged violator admits guilt, the unnecessary cost and time of holding formal hearing could be dispensed with.

Your Committee on Agriculture is in accord with the intent and purpose of H.B. 113, and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Pfeil.

SCRep. 113      Agriculture on H.B. No. 114

The purpose of this bill is to amend Section 147-2, HRS, relating to the Department of Agriculture's procedures for imposing penalties, by permitting alleged violators to waive the right to a formal hearing.

Your Committee finds that by allowing an alleged violator to waive the right to a formal hearing, in those instances when the proposed penalty is minimal or the alleged violator admits guilt, the unnecessary cost and time of holding a formal hearing could be dispensed with.



Your Committee on Agriculture is in accord with the intent and purpose of H.B. No. 114, and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 114      Agriculture on H.B. No. 115

The purpose of this bill is to amend Section 148-3, HRS, relating to the Department of Agriculture's procedures for imposing penalties, to: 1) give alleged violators the option to waive the right to a formal hearing; and 2) to give the Department of Agriculture the power to impose a civil penalty for violation of this section instead of going through the criminal court process.

Your Committee finds that by allowing an alleged violator to waive the right to a formal hearing, in those instances when the proposed penalty is minimal or the alleged violator admits guilt, the unnecessary cost and time of holding a formal hearing could be dispensed with.

Your Committee also finds that the prosecutor's office is already overburdened and that relatively minor cases, such as violations of Section 148, Part I, HRS could be better handled administratively.

Your Committee on Agriculture is in accord with the intent and purpose of H.B. No. 115 and recommends it pass Second Reading and be placed on the calendar for Third Reading

Signed by all members of the Committee.

SCRep. 115      Agriculture on H.B. No. 172

The purpose of this bill is to repeal Section 321-11.3, Hawaii Revised Statutes, relating to the storage, shelf life, and dating requirements of milk.

Your Committee finds that the U.S. District Court has issued a permanent injunction against this law and strongly indicated that there were serious constitutional problems with the law. For all intent and purposes, this law cannot be enforced.

Your Committee on Agriculture is in accord with the intent and purpose of H.B. No. 172, and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Pfeil.

SCRep. 116      Housing on H.B. No. 271

The purpose of this bill is to amend Section 359-9.3, HRS, relating to restrictions on the use of Hawaii Housing Authority (HHA) dwelling units.

Section 359-9.3, HRS, states that a dwelling unit purchased from HHA shall be occupied by the purchaser at all times. (Emphasis added.) This provision appears to be inconsistent with the intent of HHA's "buy-back" provision set forth in Section 359G-9.2.

HHA's buy-back provision states that for a period of ten years after purchase of an HHA unit, if a purchaser wishes to sell or otherwise transfer the property, HHA would have the first option to purchase it at a determined price. After the tenth year, the purchaser can sell or assign the property to any person free from any price restrictions.

Your Committee feels that if the intent of the buy-back provision is to prevent speculation by restricting the transfer of the unit for the first ten years after purchase, then the homebuyer should be allowed unrestricted use of his property after the tenth year. This bill clarifies that the restriction on use of the property would apply only during the ten-year restriction period set forth in subsection 359G-9.2(a), and would make the use restriction consistent with the buy-back provision.

This bill also provides that the Hawaii Housing Authority may, from time to time, submit a verification of owner-occupancy form to HHA home purchasers, and that failure to return the form to HHA in a timely manner may be sufficient cause for the Authority, at its option, to repurchase the unit. Your Committee supports this provision, for it sets forth a means for HHA to verify that the owner-occupancy requirement is being complied with. This will hopefully minimize abuses in HHA's home purchase program.

Your Committee on Housing is in accord with the intent and purpose of H.B. No. 271, and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 117      Housing on H.B. No. 269

The purpose of this bill is to set forth owner-occupancy requirements for loans made under the State's Housing Loan and Mortgage Program, also known as "Hula Mae".

Testimony received from the Hawaii Housing Authority (HHA) indicates that one of the requirements with regard to Hula Mae buyer qualifications and loan eligibility is that the property to be financed with a Hula Mae loan must be occupied as the principal place of residence by the eligible borrower. The statutes, however, do not explicitly set forth an owner-occupancy requirement for the borrower, and also do not state what the consequences of non-compliance with the owner-occupancy requirement will be.

This bill clarifies that an eligible borrower shall utilize the dwelling unit purchased under the Hula Mae Program as his or her permanent and primary residence. This bill also authorizes HHA to submit a verification of owner-occupancy form to Hula Mae borrowers from time to time. Failure to respond to this verification in a timely manner may result in one of the following:

- (1) An escalation of the interest rate charged on the eligible loan to a rate not to exceed the interest rate allowed at the time the original loan was made; or
- (2) Acceleration of all payments due under the mortgage and note covering the eligible loan.

The escalation of interest rate would apply to eligible loans insured by the Federal Housing Administration (FHA) or guaranteed with the Veteran's Administration (VA) or the Farmers Home Administration prior to calendar year 1983. The reason that HHA does not accelerate FHA-insured or VA-guaranteed loans originated prior to 1983 is that regulations governing these Federal programs prohibited the use of a "due on sale" clause in their mortgages. Since January 20, 1983, this prohibition has been deleted on FHA-insured loans.

It is believed that the provisions set forth in this bill will help to decrease abuses in the program.

Your Committee on Housing is in accord with the intent and purpose of H.B. No. 269, and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 118      Health on H.B. No. 162

The purpose of this bill is to enable the Department of Health to adopt changes made by the federal government to tolerance and action levels for food contaminants without the necessity of following the provisions of the Hawaii Administrative Procedure Act, chapter 91, HRS, and to permit the department to obtain samples for testing purposes at no cost.

Presently, tolerance and action levels for food contaminants are continuously being revised by the federal government under the provisions of federal regulations (40 CFR Part 180 and 21 CFR Part 193) and under the provisions of the United States Food and Drug Administration Compliance Policy Guides. Revisions

may occur weekly and it is not feasible for the Department of Health to adopt each revision in compliance with the provision of chapter 91, HRS, since the process would be too time-consuming, and a delay in adopting the federal revised tolerance or action levels may have an adverse impact on the health and welfare of consumers.

Presently, also, the Department of Health must pay for the samples it is required by the federal government to test for tolerance and action levels. Since a sample can be expensive, sampling activities must be curtailed when there are budgetary constraints, and such curtailment may adversely affect the interests of consumers.

Your Committee on Health is in accord with the intent and purpose of H.B. No. 162 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 119      Health on H.B. No. 165

The purpose of this bill is to make it possible for the Department of Health to provide more options in arranging community residential placements for mental health residential treatment system applicants.

In 1980, the legislature provided for the establishment of a community residential treatment system which will provide "a range of available services which will be alternatives to institutional care and are based on principles of residential, community-based treatment."

Under present law, residential alternatives are available only to individuals who are at risk "to return to a condition of requiring hospitalization," and are not available to individuals newly at risk. This bill will make residential alternatives available not only to those individuals returning to a condition requiring hospitalization, but also to those individuals who have not previously been hospitalized.

Also under the present law, one of the program elements for the community residential treatment system is that the "individual apartments or houses are shared by three to five persons." The same paragraph of the law provides, however, that the "units should be as normative as the general living arrangements in the communities in which they are developed." As currently written, the provisions are not mutually exclusive and do not serve to promote the general intent of the Legislature. The department believes that units can be of a variety of sizes, rather than units being shared by only three to five persons, and still serve to provide living arrangements which are "as normative as the general living arrangements in the communities in which they are developed."

Your Committee on Health is in accord with the intent and purpose of H.B. No. 165 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 120      Health on H.B. No. 163

The purpose of this bill is to authorize the Department of Health, with the approval of the Governor, to prescribe broadened rules for the licensing of certain laboratory personnel.

Under present statutory provisions, the department is limited to adopting rules which encompass the licensing only of laboratory directors and laboratory technicians. This bill will give the department the authority to prescribe rules which will additionally encompass laboratory technologists and laboratory supervisors. The position of the Department of Health is that laboratory technicians and laboratory supervisors should be subject to the licensing laws since these specialists are engaged in activities which have become more important to public health and safety since the licensing law was last revised.

Your Committee on Health is in accord with the intent and purpose of H.B. No. 163 and recommends that it pass Second Reading and be placed on the calendar for

Third Reading.

Signed by all members of the Committee.

SCRep. 121 Health on H.B. No. 159

The purpose of this bill is to change the number of service area board members and to clarify the method for defining service areas.

Under present law, service area boards, which advise service area centers on matters of mental health and substance abuse, consist of fifteen members appointed by the governor. This bill would reduce the number of board members to nine which should prove more efficient both with respect to the appointment process and the functioning of the board.

Also under present law, service areas are defined as "catchment boundaries existing as of June 30, 1984." Under this definition, questions have arisen about the proper number and location of geographical service areas which are to be utilized for the delivery of services to prevent and treat mental or emotional disorder and substance abuse. According to the Department of Health, studies are currently underway to determine the proper number and location of service areas, and the proposed change in this bill will allow the department necessary time to reach a decision and assure public input through the rule-making process.

Your Committee has amended the bill to expressly provide that the director "by rule" shall designate the number and boundaries of the geographical service areas. This amendment was made in response to some concerns expressed at the hearing on this bill that without a clear direction for the adoption of rules on this matter a doubt existed as to whether rules would have to be adopted.

Your Committee on Health is in accord with the intent and purpose of H.B. No. 159, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 159, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 122 Consumer Protection and Commerce and Judiciary on H.B. No. 26  
(Majority)

The purpose of this bill is to raise the drinking age from 18 to 21 years.

Judge Leland Spencer testified in support of this bill to raise the minimum age to possess intoxicating liquor. He stated that in the area of violent crimes, there was solid, objective data that should motivate the 1985 Legislature to pass this bill. He cited statistics which showed that individuals under age 21 committed a far greater number of crimes in proportion to their numbers than individuals over age 21.

Your Committees also heard testimony that among individuals convicted of violent crimes, a far higher percentage of people under 21 had consumed alcohol at the time they committed the crimes in comparison to individuals over 21.

The Department of Transportation also testified in support of this bill, and stated that passage of the bill would bring the State of Hawaii in compliance with the national minimum drinking age established in Public Law 98-363. The Department testified that Public Law 98-363 directs the Secretary of Transportation to withhold Federal-aid highway construction funds from those states which do not enact age 21 legislation by September 30, 1986. Accordingly, the Secretary will withhold 5% of the state's Federal-aid highway construction funds for FY 1987 and if the state does not enact age 21 legislation by September 30, 1987, the Secretary will withhold 10% of the state's funds for FY 1988. For the State of Hawaii, this would amount to \$5,875,000 for FY 1987 and \$11,750,000 for FY 1988.

Favorable testimony was also received from the Honolulu Police Department, who testified that in 1983, there were 50,352 licensed drivers under the age of 21, comprising 8.8 percent of the licensed drivers in the State of Hawaii. However, individuals under 21 years were identified as drivers involved in 30 fatal motor vehicle accidents, or 16.9 percent of all drivers involved in fatal accidents.

Further, this age group accounted for 20.4 percent of all drinking drivers involved in fatal motor vehicle accidents.

Your Committees also received overwhelming testimony in support from the Mothers Against Drunk Drivers (MADD), the Hawaii Nurses Association, the Hawaii Hotel Association, the Hawaii Independent Insurance Agents Association, the Chamber of Commerce of Hawaii, the Junior League of Honolulu, and David P. Coon, Headmaster of Iolani School.

Your Committees, upon further consideration, amended Section 2 of this bill by adding an amendment to the definition for "public place", because current statutory language is vague and thereby subject to interpretation.

Your Committees on Consumer Protection and Commerce and Judiciary are in accord with the intent and purpose of H.B. No. 26, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 26, H.D. 1, and be placed on the calendar for Third Reading.

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

SCRep. 123      Consumer Protection and Commerce on H.B. No. 352

The purpose of this bill is to correct Chapter 467-B, Hawaii Revised Statutes, which designates a percentage limitation on the amount of payments that may be made to a professional solicitor for fund-raising activities.

The Business Registration Division of the Department of Commerce and Consumer Affairs testified that this bill is necessary in light of the recent United States Supreme Court decision of Secretary of State of Maryland v. Joseph H. Munson Co., Inc. in which the Court found unconstitutional a Maryland statute which prohibited a charitable organization from spending more than twenty-five percent of its receipts for fund-raising activities. The Court's rationale was that the spending limitation was overbroad in limiting the constitutionally protected solicitation and free speech activities of charitable organizations. Although the spending limitation was intended to prevent against fraud, the Supreme Court stated that Maryland's percentage limitation did not protect against fraud as it could not distinguish between organizations with high fund-raising costs not due to constitutionally protected activities and those organizations with legitimately high fund-raising expenses. Based upon this understanding of the Munson decision, the Division believes that Hawaii's twenty percent limitation on fund-raising costs would be subject to the constitutional challenge.

Notwithstanding the proposed deletion of a spending limitation, the Division further testified that it would still require the filing of any contracts or written statements between the professional solicitor and the charitable organization.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 352 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 124      Consumer Protection and Commerce on H.B. No. 421

The purpose of this bill is to amend Section 453-4(2)(B), Hawaii Revised Statutes, to allow applicants who hold the certificate of the Fifth Pathway Program of the American Medical Association to sit for the state medical licensing examination.

In 1971, the American Medical Association established a national certification program known as the Fifth Pathway Program to assist U.S. citizens graduating from foreign medical schools to enter medical practice in this country. In order to qualify for Fifth Pathway Program certification, U.S. foreign medical graduates are required to: (1) complete their premedical education in an accredited U.S. college or university; (2) study medicine in a recognized foreign medical school; (3) complete all educational requirements to practice medicine in the school's country except for internship and/or social service; and (4) complete a one year supervised clinical training program or clerkship in the U.S. Upon completing their

clinical clerkships, the U.S. foreign medical graduates receive their Fifth Pathway Program Certificate. They are then eligible to enter the first year of graduate training in an accredited U.S. residency training program.

The Board of Medical Examiners, although sympathetic to the plight of graduates of the Fifth Pathway Program, testified in opposition to this bill. The Board was of the view that these graduates have not fulfilled their moral obligation by their failure to complete 9-12 months of social service in their respective foreign country.

Your Committee received favorable testimony from the Administrator of Kahuku Hospital, the Kahuku Family Health Center, several practicing doctors familiar with the Fifth Pathway Program and a registered nurse. They, in part, all testified as to the qualifications of these graduates and how it was discriminatory to disallow them to sit for the examination.

Your Committee finds that Fifth Pathway Physicians should be licensed as recommended by the American Medical Association. Further, that Fifth Pathway Physician candidates, in light of their clinical clerkships in U.S. medical centers under the auspices of U.S. medical schools are as qualified as Educational Commission for Foreign Medical Graduate candidates, who currently are allowed to sit for the state medical licensing examination.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 421 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 125      Consumer Protection and Commerce on H.B. No. 235

The purpose of this bill is to amend the statutes to allow graduates of foreign pharmacy schools to be licensed, to remove the requirements of "good moral character and temperate habits", and to clarify the language on qualification of license under Section 461-5, Hawaii Revised Statutes.

The Board of Pharmacy testified that under this bill, a foreign graduate of a pharmacy school must satisfy all the requirements which an applicant of any state or territory must meet except that the school need not be recognized or accredited by the American Council of Pharmaceutical Education. Before approving the application, the Board will verify the graduation and academic record of the applicant.

Further, the Board testified that they would adopt rules to require all foreign pharmacy graduates to obtain a certificate from the Foreign Pharmacy Graduate Examination Commission (FPGEC) headquartered in Chicago, Illinois. An FPGEC certificate is issued to those applicants who satisfy the requirements for foreign pharmacy graduates established by the FPGEC.

Requirements for FPGEC certification are:

- (1) Successful completion of educational requirements in a foreign pharmacy school and submittal of proper documentation, etc.
- (2) Passage of the Foreign Pharmacy Graduate Equivalency Examination (EE); and
- (3) Obtaining a score of 550 on the Test of English as a Foreign Language (TOEFL) given by the Education Testing Service in New Jersey.

Both EE and TOEFL test an applicant's proficiency in English.

Currently, Section 461-5, Hawaii Revised Statutes, provides that applicants shall be graduates of colleges of pharmacy accredited by the American Council of Pharmaceutical Education (ACPE). Because this accrediting agency does not recognize colleges of pharmacy located outside the United States, qualified graduates of foreign pharmacy colleges are precluded from applying for licensure in this State.

Notwithstanding opposing testimony by the Hawaii Pharmaceutical Association, your Committee felt it reasonable to allow qualified foreign trained graduates to apply for licensure, provided that the applicant passes examinations approved by



the Board to establish proficiency in English and equivalency of education to that of graduates of colleges accredited by the American Council of Pharmaceutical Education (ACPE).

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 235 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Jones.

SCRep. 126      Consumer Protection and Commerce on H.B. No. 239

The purpose of this bill is to rename the presiding officers of a board to "chairperson" instead of "president" and "vice-chairperson" instead of "vice-president."

The Department of Commerce and Consumer Affairs testified that it has introduced this bill with the approval of the four affected boards -- chiropractic, dental, naturopathy and optician. Further, laws of other boards and commissions in the Department have been reviewed earlier and the presiding officer's name has been changed to "chairperson".

Finally, the bill also deletes the office of "secretary" and "secretary-treasurer" because the office no longer serves any purpose. The Department has been providing secretarial and accounting services to the boards since they have been placed in the Department for administrative purposes in the 1960's.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 239 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 127      Consumer Protection and Commerce on H.B. No. 237

The purpose of this bill is to designate by statute the essential party to the appellate proceeding when a decision of the Hawaii Public Utilities Commission is appealed to the Hawaii Supreme Court.

The present provisions of Section 269-16(f), Hawaii Revised Statutes, do not specify the parties to the appellate phase of a utility proceeding when an appeal is taken from a final decision and order of the Hawaii Public Utilities Commission.

Depending upon the nature of the proceeding, the parties, and the issues, the Hawaii Supreme Court may be without the benefits of a responsive pleading, i.e. an answering brief, at a time when the complex issues in utility proceedings need to be debated in order to be clarified. Recent procedural rulings by the Hawaii Supreme Court have ordered the Division of Consumer Advocacy to file "Position Briefs" defending the Public Utilities Commission's action in cases where the Division's position has actually been aligned more with the position of the appellant.

The Division of Consumer Advocacy testified that the Hawaii Public Utilities Commission is the most logical and the best qualified party to defend its decisions when appealed. This bill designates the Public Utilities Commission as a party in such appeals, without limiting the ability of anyone else, including the Division of Consumer Advocacy, to be a party. It is believed that the process being proposed in this legislation is consistent with that of most federal and state regulatory agencies.

The Public Utilities Commission testified in opposition to this bill. It was their opinion that the Hawaii Supreme Court, upon receipt of jurisdiction, will direct the Public Utilities Commission to be a participant in the appeal proceeding when appropriate.

Your Committee finds that it is in agreement with the amendment as proposed in this bill, in light of recent Hawaii Supreme Court rulings which have given the Division of Consumer Advocacy the responsibility of defending a position that it was in opposition to.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 237 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 128      Consumer Protection and Commerce on H.B. No. 231

The purpose of this bill is to clarify the law by amending the term "dealer" to include "auction".

The Department of Commerce and Consumer Affairs testified that "auction" can be construed to mean a "dealer". This question was raised for the first time when, in 1983, the Motor Vehicle Industry Licensing Board attempted to proceed against an "auction" for alleged violations of Chapter 437, Hawaii Revised Statutes. The Board was then advised by the Attorney General's office that the statute be amended to clarify the matter.

Your Committee received opposing testimony from the Car and Truck Renting and Leasing Association (CATRALA). The Association's concern was that the language was not clear enough to adequately determine whether their association would fall under the expanded definition of "dealer". Your Committee, was assured by the Director of the Department that CATRALA would not and was not intended to fall within the proposed definition of "dealer".

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 231 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Jones.

SCRep. 129      Consumer Protection and Commerce on H.B. No. 40

This bill would eliminate the "drop dead" provisions in Chapters 408 and 478, Hawaii Revised Statutes that provide for the reversion of interest rates.

Under the "drop dead" provisions, interest rate ceilings on loans governed by Chapter 408 would revert to the maximum rates in effect prior to May 31, 1980. In addition, interest rate ceilings under certain provisions of Chapter 478 would revert to the rate ceilings that were in effect prior to June 28, 1982 for some rates and prior to May 30, 1980 for credit cards.

The Bank Examiner testified that the Legislature imposed the "drop dead" provisions in order to provide for a period of time to gain experience with the new ceilings and to demonstrate that the amendments would not cause rates in the marketplace to rise to and stay at the new ceilings.

Further, given the demonstrated ability of the market to control interest rates and the likelihood of adverse effects caused by low rate ceilings, the Bank Examiner testified that it was better not to reimpose the old rate ceilings under the "drop dead" provisions.

Favorable testimony was also received from the Hawaii Credit Union League, The Hawaii Association of Realtors, the Hawaii League of Savings Institutions, the Hawaii Financial Services Association and the Hawaii Bankers Association.

Your Committee believes that having unrealistically low interest rate ceilings adversely affects business and makes it difficult for consumers to obtain needed credit. Your Committee is further persuaded that the interest rates currently in effect are realistic and that competition will prevent lenders from automatically charging maximum allowable interest rates.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 40 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

## SCRep. 130 Consumer Protection and Commerce on H.B. No. 38

This bill amends Chapter 431, Hawaii Revised Statutes, by adding new sections to improve and refine provisions of the Hawaii Insurance Law relating to supervision, rehabilitation and liquidation of domestic insurers.

The Insurance Commissioner testified that these proposals are intended to improve the operation and administration of current statutory provisions relating to insurers' rehabilitation and liquidation proceedings, by providing the Insurance Commissioner authority to implement certain summary proceedings to protect the interests of insureds, claimants, creditors and the public, generally, with minimum, interference with the normal prerogatives of the owners and managers of insurers, through: (1) early detection of any potentially dangerous condition in an insurer, and prompt application of appropriate corrective measures; (2) improved methods for rehabilitating insurers, involving the cooperation and management expertise of the insurance industry; (3) enhanced efficiency and economy of liquidation, through clarification of the law, to minimize legal uncertainty and litigation; and (4) regulation of the insurance business by the impact of the law relating to rehabilitation and liquidation delinquency proceedings.

The Insurance Commissioner further testified that current statutory provisions relating to insurer rehabilitation and liquidation require the Insurance Commissioner to follow strict, formal proceedings. As a result, the present procedure does not provide the needed flexibility in dealing with impaired insurers.

Accordingly, such proceedings, while necessary in rehabilitation and liquidation actions, must be supplemented by providing the Commissioner certain summary powers, upon reasonable cause to believe that a domestic insurer is in such condition as to render the continuance of its business hazardous to the public or to its policy holders, to act swiftly and aggressively in placing such insurer under supervision proceedings to either correct the insurer's deficiencies or to prevent the insurer from increasing its deficiencies while the Commissioner is in the process of implementing formal delinquency proceedings.

Your Committee also received favorable testimony from the Hawaii Independent Insurance Agents Association and the Hawaii Insurers Council.

Your Committee finds that House Bill No. 38 will supplement the present powers of the Commissioner. It will allow him to act without a prior hearing, if, upon examination or any other credible evidence, he has "reasonable cause to believe that any domestic insurer is in such condition as to render the continuance of its business hazardous to the public or to holders of its policies or certificate of insurance".

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 38 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

## SCRep. 131 Consumer Protection and Commerce on H.B. No. 311

The purpose of this bill is to curtail the advertising of household goods moving services by persons or entities which do not hold a valid certificate or permit issued by the Public Utilities Commission to perform these services.

This bill would accomplish this purpose by requiring that advertisements in print or by broadcast medium include the motor carrier's applicable certificate or permit number. Further, the publisher or producer of a print or broadcast advertising medium shall refuse to publish or broadcast an advertisement for a motor carrier which does not provide proof of certificate of permit.

The Department of Commerce and Consumer Affairs and the Hawaii Transportation Association testified in support of this bill.

Your Committee, upon further consideration, amended the effective date to read January 1, 1986, to provide the Hawaiian Telephone Company with sufficient time to make necessary adjustments in order to comply with this proposed law.

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

intent and purpose of H.B. No. 311, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 311, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 132      Consumer Protection and Commerce on H.B. No. 232

The purpose of this bill is to amend Chapter 452, Hawaii Revised Statutes, by establishing a new section on advertising, by deleting the medical and tuberculin clearance reports, and by increasing the fine for hiring unlicensed massage therapists.

The Board of Massage of the Department of Commerce and Consumer Affairs testified that Section 452-2, Hawaii Revised Statutes, does not contain any provision on advertising. Accordingly, the new section will provide for procedures and guidelines on advertising and is identical to provisions added during the last legislative session to Chapter 444, Hawaii Revised Statutes, relating to contractors.

Further, the requirements for medical and tuberculin clearance reports in Sections 452-13(a) and 452-16, Hawaii Revised Statutes, have been deleted. Since tuberculosis in massage therapy has not been a problem in Hawaii for many years, the Tuberculosis Branch, Lanakila Comprehensive Health Center, recommended the elimination of the medical examination requirements for licensing. Also, the Department of Health advised that the Department cannot justify the continuance of medical reports as no health risk to the public is posed.

Finally, the Board testified that the fine of \$1,000 should be increased to \$2,500 in order to discourage owners, operators, managers, or licensees in charge of or in control of massage establishments or out-call massage services from hiring any person who is not licensed as a massage therapist.

The Honolulu Police Department testified that this bill, if enacted, would eliminate the current practice by which promoters of prostitution falsely advertise massage parlors, massage therapists, and/or out-call massage services. As an example, the 1984 telephone directory yellow pages contain 12 pages of massage services; however, the majority of establishments listed provides service not for legitimate massage but the services of a prostitute.

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

1. On page 2, line 1, the following language has been deleted: "An applicant for examination shall have good moral character"; and
2. The effective date has been amended to January 1, 1986, in order to allow the Hawaiian Telephone Company enough time to adjust to this bill.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 232, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 232, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 133      Consumer Protection and Commerce on H.B. No. 230

The purpose of the bill is to raise the bonding requirements for new motor vehicle dealers, used motor vehicle dealers, auctions, and brokers; to make the bonding requirements uniform for the entire State regardless of the population of the county; and to require new motor vehicle dealers, used motor vehicle dealers, motorcycle or motorscooter dealers, brokers, salesmen, auctions, auctioneers, manufacturers, factory branches, factory representatives, distributors, distributor branches, and distributor representatives to maintain bonding requirements or be subject to automatic suspension of licensure.

The Department of Commerce and Consumer Affairs testified that the bonding requirements of \$25,000 for new motor vehicle dealers and \$10,000 for used motor vehicles dealers is much too low and inadequate to protect the interests of the consumer.

Further, in the last two years, the Motor Vehicle Industry Licensing Board has taken disciplinary action against an auction and a broker. In both instances, the dollar amount of consumer loss far exceeded that of the amount of the bond.

Accordingly, raising the bonding requirements to \$200,000 for each new motor vehicle dealer and \$100,000 for each used motor vehicle dealer will provide greater protection to the consuming public.

The Department also testified that this bill proposes to provide for automatic suspension, effective immediately upon the expiration or cancellation of the bond, this is to prevent a licensee from continuing to engage in the business after the expiration or cancellation of a bond, the rationale being that the consuming public will be minimally exposed to potential losses.

Your Committee received opposing testimony from the Hawaii Business League. The League cited the extreme and sudden hardship which the bill would impose, particularly on used car dealers.

Your Committee, notwithstanding the merits of the Hawaii Business League's argument, finds that the health, safety and welfare of the public, especially in light of recent broker and auction bankruptcy actions, far outweigh the hardship on a handful of used car dealers. The bonding requirements are definitely inadequate and an embarrassment to the State when the consuming public experiences personal financial losses far in excess of the bond amount.

Your Committee, upon further consideration, has amended this bill on page 3, line 6, by increasing the bond requirement of motorcycle and motorscooter dealers to \$25,000.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 230, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 230, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Jones.

SCRep. 134      Human Services on H.B. No. 52

The purpose of this bill is to allow an income tax credit for the care of elderly relatives.

Your Committee believes that tax incentives to encourage families to care for their loved ones at home rather than in institutions is a desirable public policy objective. Your Committee believes most families want to care for their own elderly, and unless the State provides incentives to keep their elderly relatives at home, many families will be forced to resort to institutional care.

The bill, as initially proposed, was conceptually sound but technically flawed. Your Committee devoted much time and effort to preparing an almost entirely new version of the bill as H.D. 1.

The bill now provides for tax credit for each individual taxpayer in the amount of \$2,400 for the care of an elderly relative. "Elderly relative" is defined as any adult person related to the taxpayer or the taxpayer's spouse as a grandparent, parent, aunt, uncle, brother, sister or first cousin.

In order to claim the tax credit, the elderly relative must: 1) be certified for an intermediate care facility by the Department of Social Services and Housing; 2) be disabled or chronically ill; 3) have no taxable income; 4) be 65 years of age or older; 5) been cared for in the taxpayer's residence for not less than eleven months.

The bill as amended disallows any tax credit of the taxpayer who operates any nonprofit or profit care service for elderly individuals. Furthermore, a taxpayer claiming a tax credit under the chapter will not be allowed to claim the dependent care tax credit.

Your Committee acknowledges that this bill will increase the complexity of the tax form and will add to the administrative burden of the Department of Taxation. Your Committee believes, however, that the savings to the State in terms of re-

duced medicaid costs for care of our elderly far exceed the administrative costs involved.

Your Committee further acknowledges that the tax credit specified in the bill is a generous one. Your Committee believes, however, that unless we can encourage a percentage of our working population to stay at home and care for elderly relatives, we can rightfully be accused of being short-sighted and unable to come up with a range of options to properly deal with the challenge of an ever-increasing elderly population.

Your Committee also believes that a ceiling on the taxpayer using a modified adjusted gross income of \$30,000 per year was necessary to preclude the more economically well-off segments of our population from availing themselves of this generous tax credit.

Your Committee is in accord with the intent and purpose of H.B. No. 52, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 52, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Kihano, Kiyabu and Liu.

SCRep. 135      Judiciary on H.B. No. 36

The purpose of this bill is to make an appropriation of \$90,000 to Hawaii County, \$75,000 to Kauai County, \$75,000 to Maui County, and \$150,000 to the City and County of Honolulu to partially fund the Aid to Victims Coordinator Program for fiscal year 1985-1986.

Each county has a program which provides assistance, counseling, and other related services in an attempt to reduce the trauma and frustration felt by victims and witnesses of crimes. The programs are administered by the prosecuting attorneys of the respective counties.

Your Committee received testimony in support of this measure from the Attorney General and the Office of the Prosecuting Attorney of the Counties of Kauai, Maui, Hawaii and the City and County of Honolulu.

Funds appropriated go directly to each county prosecutor to provide the necessary services, however, concern was expressed by your Committee of setting a precedent of State funding for county positions. It is the intent of your Committee, as stated in section four of the bill, that the counties' eventually provide total funding for the program.

To further insure legislative overview of the programs, each county shall report annually to the legislature. These reports shall itemize all expenditures and progress of the program to achieve independent funding.

Your Committee acknowledges the invaluable services provided by the program. Furthermore, the level of funding of these programs have remained fixed for the last two fiscal years. Your Committee was in agreement to increase the appropriations by 10% for each county and delete the portion concerning matching funds.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 36, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 36, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 136      Judiciary on H.B. No. 357

The purpose of this bill is to authorize the land court to collect and retain the same fee that is now collected by the circuit courts to file an appeal and also to collect costs on appeal for transfer to the Supreme Court.

This bill is a Judiciary housekeeping measure. Act 102, SLH 1984 streamlining land court procedures repealed both the formerly permitted appeal to the circuit court and its filing fee. In doing so, no provision was made to transfer from the



land court to the Supreme Court the fees paid for the filing of an appeal.

This bill will provide for a \$30 fee for appeals, the same fee that is charged for circuit court appeals. Furthermore, the bill allows to collect costs of appeal for transfer to the Supreme Court.

Your Committee received testimony in favor of this bill from the Judiciary.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 357 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 137      Judiciary on H.B. No. 381

The purpose of this bill is to increase the compensation pay of jurors from \$20 to \$30 for each day actually in attendance at court.

The Judiciary testified in support of this measure.

Your Committee recognizes that jury duty is a civic responsibility of all citizens. It is well known that many citizens do all that is possible to avoid serving. Yet, jurors are an integral part in the operation of our judicial system. Compensation of jurors should reflect more equitably the value of such service. Pay for jurors was last increased in 1974. Given the long period of time that compensation of jurors has been at the present level, an increase at this time is warranted.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 381 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 138      Judiciary on H.B. No. 382

The purpose of this bill is to compensate jurors for transportation to and from the court.

At present, the law provides for compensation of travel only to the court. Because of this, those jurors residing long distances from the court, such as in Hawaii County or in rural areas are not being reimbursed in full for their out-of-pocket driving costs. Your Committee acknowledges that jurors are a critical component of our judicial system and deserve fair and equitable compensation.

Concern was expressed about the administrative paperwork of a system based on actual miles traveled. Despite the workload of the present system, the Judiciary believes a mileage fee based on miles traveled is more equitable than a system based on a flat travel compensation amount.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 382 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 139      Consumer Protection and Commerce on H.B. No. 41

The purpose of this bill is to provide immediate assistance to the depositors of Manoa Finance Co., Inc. and Great Hawaiian Financial Corporation through a State appropriation of \$32 million, in order to pay each depositor the guaranteed amount of \$10,000.

Your Committee finds that there are depositors of Manoa Finance and Great Hawaiian Financial Corporation who have received only one-third of their guaranteed deposit amount from Thrift Guaranty Corporation of Hawaii. Further, Thrift Guaranty Corporation of Hawaii owes the State of Hawaii approximately \$27 million plus interest, while its annual assessment of thrift members amounts to \$2 million.

Accordingly, your Committee finds that the only equitable manner of resolving this problem, as well as preventing the State from incurring additional losses, will be for the State to assume control of the assets of Manoa Finance and Great Hawaiian. The advantages of such a plan are as follows:

1. The depositors will be returned their guaranteed amount of deposit;
2. The State, through a special committee established by this bill, and a single trustee will sell off the assets of Manoa Finance and Great Hawaiian in an attempt to recoup the \$32 million appropriation; and
3. Thrift Guaranty Corporation of Hawaii will continue to collect a \$2 million annual assessment from its thrift institution members, which will help defray the \$27 million, plus interest, loss the State has already incurred.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 41, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 41, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Jones and Tungpalan.

SCRep. 140 Planning, Energy and Environmental Protection on H.B. No. 813

The purpose of this bill is to effectuate the title of this bill.

H.B. No. 813 was introduced as a short-form bill, which is sometimes referred to as a "vehicle" bill, primarily used for convenience to introduce a bill containing only a general idea as to its purpose and means without specific details in long form. Your Committee has amended the bill to provide the substantive contents of the bill, in long form so that a public hearing may properly be held on its substantive provisions. Without the amendment providing the substantive contents, members of the public cannot be duly apprised, in advance of the hearing, as to what the bill specifically purports to do and the specific means by which it intends to achieve the desired results. Thus, a hearing on a short form bill may not be helpful, and a notice thereof could be less than meaningful.

Your Committee on Planning, Energy and Environmental Protection is in accord with the intent and purpose of H.B. No. 813, as amended herein, and recommends that it be recommitted to the Committee on Planning, Energy and Environmental Protection, for the purpose of holding a public hearing thereon, in the form attached hereto as H.B. No. 813, H.D. 1.

Signed by all members of the Committee except Representatives Crozier, Isbell, Kamali'i, Nakata, Pfeil, Tajiri and Tom.

SCRep. 141 Consumer Protection and Commerce on H.B. No. 234

The purpose of this bill is to strengthen the law, clarify terminology, restate the functions of the Board of Examiners in Optometry, assure that an optometrist Board member will have practiced optometry for at least five years prior to appointment to the Board, delete obsolete licensing requirements and establish new licensing requirements, establish new examination requirements, clarify examination and reexamination procedures, and rearrange certain sections of the law.

Specific changes in the bill include the following:

Section 459-1 is amended to replace "and" with "or" for clarity. Also, "employment" is replaced with "fitting or adaptation" to more clearly define the function being performed. "Ophthalmic" and "contact" are added to distinguish the types of lenses. "Anomalies" replaces "insufficiencies", which is an inappropriate term. "Unsuspended" license is added to the license provision. "Registration" is replaced by "license", as recommended by the Board of Examiners in Optometry. "Physician" replaces "oculist", which is an obsolete term.

Section 459-2 is amended to prevent an unlicensed individual from using the title O.D. without first obtaining a license. "Contact lenses" is added to designate another type of lens besides "ophthalmic".

Section 459-3 is amended to increase the number of years from one to five an optometrist named to the board must have been actually engaged in the practice of optometry.

Section 459-4 is amended to change the name of the officers of the Board from president to chairperson and from vice-president to vice chairperson. The office of secretary-treasurer is deleted because the Department of Commerce and Consumer Affairs now provides secretarial and accounting services. The provision for furnishing copies of rules free of charge is deleted and the description of the functions of the Board of Examiners in Optometry is added.

Section 459-5 is amended to reflect that the Department of Commerce and Consumer Affairs is the responsible agency for the preservation of all records of the Board.

Section 456-6 is amended to delete the provision which requires that the examination be given during a specific week in the month of July, which is too restrictive. It also extends from 30 to 45 days the time in which the Board must in advance establish the examination date. These changes will give the Board more flexibility.

Section 459-7 is amended to delete the age (18) and high school graduation requirements to qualify for optometry license as these requirements are redundant. Anyone graduating from an optometry school will have passed the age of 18 and have finished high school. It will also provide for applicants to have graduated from an optometry college or a school accredited by a regional or professional accreditation organization and recognized by the Council on Post-secondary Accreditation or by the United States Office of Education. The word "executive" was added to identify the executive secretary of the DCCA, who provides staff services to the Board. The application deadline is extended from 30 to 45 days to permit the staff ample time in which to process the application. Section 459-7 is also amended to clearly indicate the size of the applicant's photograph to be attached to the application. The passing score of 70 per cent is deleted from the law and will be provided in the Board's rules. The law is amended to clearly state the conditions under which applicants may be reexamined. Biennial renewal requirement (continuing education) and deadline for renewal of license are clarified. Contradictory provisions in the law on renewal of license are corrected ("odd-numbered year" is used in one instance and "even-numbered year" is used in another instance).

Section 459-8 is amended to establish the types of examination an applicant must pass to qualify for licensure. It distinguishes two groups -- those taking the test prior to January 1, 1987 and those taking it after this date.

The Board plans to change the requirement for the written examination. Presently, all applicants must pass the Board's test. However, effective January 1, 1987, all applicants must pass the national board examination given by the National Board of Examiners in Optometry (NBEO). Board tests will be given only when NBEO examination is not available. In addition, applicants will continue to be required to pass a practical examination given by the Board.

Section 459-9 is amended to incorporate into this section the cause for suspension or revocation of license. A catch-all provision relating to violation of the statute and the Board's rules is added to this section under a new paragraph (10). "Other grossly unprofessional or dishonorable conduct" is deleted because the language is too vague. It was replaced by the following which is more concrete and measurable and would be more easily demonstrated:

"or professional misconduct, or gross carelessness or negligence, or manifest incapacity in the practice of optometry".

Section 459-10 is being retitled: Advertising, contents of.

Section 459-14 is amended to include a penalty for violating the Board's rules, in addition to violating the statutes.

Section 459-9.5 is being repealed.

Your Committee heard testimony from the Board of Examiners in Optometry and the Hawaii Optometric Association in support of H.B. No. 234. No dissenting testimony was heard by the Committee.

Your Committee has made nonsubstantive changes to correct typographical or technical errors in the bill as follows:

Page 3, line 5, adding "Hawaii Revised Statutes" after chapter 458;

Page 6, lines 10, 11 and 12, amending section title of §459-7 to read: [Examination; certificate of registration.] Application, examination, reexamination; appeal, renewal; continuing education; license.;

Page 7, line 10, changing "application" to "applicant";

Page 13, line 3, adding "or information" after "testimony"; and

Page 14, line 9, adding "," after "from".

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 234, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 234, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Tungpalan.

SCRep. 142      Water, Land Use, Development and Hawaiian Affairs on H.R. No.  
120

The purpose of this resolution is to encourage the establishment of a sand beach on Coconut Island Park in Hilo, by requesting the Department of Land and Natural Resources to compile a list of items which must be completed before the beach can be developed.

According to testimony from the Department of Research and Development, County of Hawaii, Coconut Island Park now has many necessary support facilities for visitors and local residents' use as a recreational area. The installation of a beach at the park would therefore not be difficult. The Department of Land and Natural Resources also testified in support of the resolution.

Technical, non-substantive amendments have been made.

Your Committee on Water, Land Use, Development and Hawaiian Affairs concurs with the intent and purpose of H.R. No. 120, as amended herein, and recommends that it be referred to the Committee on Finance, in the form attached hereto as H.R. No. 120, H.D. 1.

Signed by all members of the Committee.

SCRep. 143      Water, Land Use, Development and Hawaiian Affairs on H.R. No.  
110

The purpose of this resolution is to request the Department of Planning and Economic Development to conduct a feasibility study on the potential establishment of a regional stock exchange in Honolulu.

Your Committee finds that stock trading through the Honolulu Stock Exchange was discontinued several years ago because of insufficient business. A primary reason for its discontinuation is that the Stock Exchange listed only Hawaii-based corporations. The resolution proposes to study, among other things, the feasibility of listing not only U.S. corporations but also those from Asia and the Pacific and of including a membership from foreign countries as well.

Your Committee recommends the following technical amendments to the resolution:

(1) That the second "BE IT FURTHER RESOLVED" be clarified by the following statement:

"BE IT FURTHER RESOLVED that the Department of Planning and Economic Development submit its findings and recommendations to the Legislature at least twenty days before the convening of the Regular Session of 1986"; and

(2) Other technical and non-substantive amendments.

Your Committee on Water, Land Use, Development and Hawaiian Affairs concurs with the intent and purpose of H.R. No. 110, as amended herein, and recommends that it be referred to the Committee on Finance, in the form attached hereto as H.R. No. 110, H.D. 1.

Signed by all members of the Committee.

SCRep. 144      Water, Land Use, Development and Hawaiian Affairs on H.B. No.  
1076

The purpose of this bill is to amend Section 237-24, Hawaii Revised Statutes, by adding to the list of exemptions from the general excise tax that of amounts received by licensees for tangible personal property shipped out of the State for sale in interstate or foreign commerce.

Your Committee finds that the Tax Review Commission recommended earlier that the receipts from goods shipped outside of the State should be exempt from the 4% general excise tax. The proposed bill offers a more comprehensive approach to the problems of the imposed general excise tax of such exports. Under current statute, when goods are sold by a retailer for delivery outside the State, there is no tax since the seller is placing it into interstate commerce. On the other hand, if the retailer conveys the goods to the buyer within the State, the 4% tax is imposed even though the buyer transports the goods out of State. The proposed bill attempts to address this problem, by exempting all goods exported out of State from the general excise tax, regardless of the condition that they are in and whether or not the goods are sold before or after they enter interstate commerce.

According to testimony offered by the Legislative Tax Bill Service, the proposed exemption would have a minimal impact on State tax revenues if it is accepted that an increase in the volume of exported goods represents an inflow of new economic wealth. This new economic wealth will mean an increase in revenues to the State via payroll and property taxes that are included in the cost of the goods and services exported.

Your Committee on Water, Land Use, Development and Hawaiian Affairs is in accord with the intent and purpose of H.B. No. 1076 and recommend that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 145      Water, Land Use, Development and Hawaiian Affairs on H.B. No.  
922

The purpose of this bill is to amend Section 206E-6, Hawaii Revised Statutes, to ensure that public facilities in the Kakaako Community Development District are designed and constructed to meet county standards and to require no longer the Hawaii Community Development Authority to obtain the City and County of Honolulu's consent prior to undertaking the public facility.

Under current law the Authority is required to obtain the consent of the Honolulu City Council prior to developing public facilities. According to the testimony from the Authority, the proper design and construction of any public facility in Kakaako would have to follow county standards, because upon completion the facility would be dedicated to the county which would then assume the responsibility for maintenance and upkeep. To ensure that the county standards are to be followed, the Authority would request various county agencies to review and approve engineering plans, the inspection of construction, and the certification of proper completion of facility.

Your Committee on Water, Land Use, Development and Hawaiian Affairs is in accord with the intent and purpose of H.B. No. 922 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

## SCRep. 146 Human Services and Judiciary on H.B. No. 263 (Majority)

While current Hawaii law provides for the retention of state income tax refunds in cases of a debt owing the State for children receiving welfare benefits, this bill would expand that provision by allowing for the retention of the refunds for non-welfare families who apply to the State for child support enforcement services. The intent of Congress was that equal enforcement services be provided for welfare and non-welfare families alike.

Public Law 98-378 requires the State to conform its laws on retention of State tax refunds by October 1, 1985, or face a penalty of approximately \$2 million in federal assistance payments to the State.

Your Committees received testimony in support of the bill from the Department of Social Services and Housing and the Family Support Division, Department of Corporation Counsel, City and County of Honolulu. These agencies testified that the additional income derived from the intercept of state income tax refunds may provide sufficient income to allow a significant number of children to remain off public assistance, thus avoiding the expenditure of public funds.

Your Committees on Human Services and Judiciary are in accord with the intent and purpose of H.B. No. 263 and recommend that it pass Second Reading and be referred to the Committee on Finance.

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

## SCRep. 147 Human Services on H.B. No. 1289

The purpose of this bill is to establish for the State the federal Community Work Experience Program (CWEP) which requires employable adults in the federal-state Aid to Families with Dependent Children (AFDC) program to work off their assistance grants by performing community service. States have a federal option to implement the CWEP and your Committee believes that the statutory change contained in this bill will provide the legal base for implementation of CWEP by the Department of Social Services and Housing (DSSH). The bill proposes that public employment be confined to intact families where there are two adults. Selection of this categorical group is feasible since one parent can perform the community service while the other parent can remain at home to care for the minor children. Your Committee believes that this bill resolves the problem of needing funds to pay for day care or after-school care of minor children. There are currently 1,236 two-parent households in the AFDC - Unemployed Parent program.

Your Committee amended the bill by deleting the term "intact households" and inserting in its place "Aid to Families with Dependent Children Unemployed Parent Program", to more clearly define the categorical group intended.

Your Committee also deleted the reference to "training" in the bill, as work experience is the primary objective of the program. Your Committee further amended the bill by appropriating \$1 for the biennium 1985-87 since accurate budget estimates to implement the program were not available at the time of the hearing.

Your Committee is in accord with the intent and purpose of H.B. 1289, as amended herein, and recommends that it pass Second Hearing in the form attached hereto as H.B. No. 1289, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Morgado.

## SCRep. 148 Human Services on H.B. No. 436

The purpose of this bill is to amend section 346-64, Hawaii Revised Statutes, to provide personal care services to disabled or elderly medical assistance recipients to allow these individuals to continue to live within the community, and avoid costly and frequently premature institutionalization.

Representatives from the Department of Social Services and Housing, the Executive Office on Aging, the State Planning Council on Developmental Disabilities, the Commission on the Handicapped, and individuals currently receiving personal care



services as well as other concerned members of the public submitted thought-provoking testimony in support of the bill's primary purpose.

Testimony indicated that the availability of personal care services which encompasses "hands-on" assistance with daily living activities such as grooming, bathing and feeding has proven to be a major factor which allows disabled and elderly persons to live more independently in the community, thereby avoiding unnecessary hospitalization. In addition, it is anticipated that in the long-run, the provision of personal care services will save the State a considerable amount of funds which may be utilized to meet other needs of the elderly and disabled.

While your Committee finds that personal care services should be provided to medical assistance recipients, it has made a number of substantive revisions to the bill as received.

First, the current definition of personal care services contained in the bill does not include assistance with medications which are ordinarily self-administered, or assistance with mobility and transfer activities. Your Committee finds that such services should be included in the personal care services available to eligible recipients. As a result, your Committee has amended the definition of personal care services in Section 2 of the bill to include the above-mentioned activities.

Second, your Committee has revised the bill to allow the Department of Social Services and Housing, or an authorized agent of said Department to make assessments, and prepare a written plan of care for eligible recipients.

Third, while your Committee received testimony requesting that the ceiling for an average monthly assistance payment be raised to 75% or 90%, your Committee believes that a lower percentage will enable a greater number of recipients to benefit from this successful program. As a result, your Committee has amended the bill by inserting 45% in the previously blank space of Section 2 of the bill. In short, the suggested percentage will allow a recipient to receive up to four hours of personal care a day, seven days a week.

Fourth, your Committee has deleted the blank appropriations provisions designated as Section 3 of the bill, as the Department of Social Services and Housing has already requested program appropriations in the Executive Budget previously transmitted. Therefore, duplicating the appropriations provisions is unnecessary.

And finally, your Committee has also made technical, non-substantive amendments to the bill for purposes of style and clarity.

Your Committee on Human Services is in accord with the intent and purpose of H.B. No. 436, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 436, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Liu and Morgado.

SCRep. 149      Human Services on H.B. No. 586

The purpose of this bill is to appropriate funds to enable the Hawaii County Economic Opportunity Council to comply with certain State transportation requirements. These requirements include making equipment and identification changes on its vehicles that provide transportation services for participants on the Head Start Program, Day Care students, and for the elderly on the Island of Hawaii.

Your Committee finds that the Hawaii County Economic Opportunity Council performs valuable functions and requires the one time grant-in-aid funds requested to continue its services.

Your Committee on Human Services is in accord with the intent and purpose of H.B. No. 586 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Kiyabu and Shito.

## SCRep. 150 Human Services on H.B. No. 911

The purpose of this bill is to (1) include psychologists in the description of providers of medical care for medicaid purposes; (2) specify that referral by, direction by, or prescription of services by, another health care practitioner not be required for psychologists; and (3) to include licensed psychologists with psychiatrists in the determination of mental impairment.

Your Committee notes that it was psychologists who developed objective measures of personality in the 1950's to help psychiatry come up with an objective measure of personality and that the proliferation of standardized objective psychological tests, which have been shown to be reliable and valid in the determination of mental impairment, has come about as a result of the work of psychologists.

Psychologists are currently licensed by state statutes to provide professional services in the diagnosis and treatment of nervous and mental disorders and the organic brain syndromes (HRS Chapter 456). The services of a licensed psychologist are reimbursed by private health carriers and pre-paid health care plans as a matter of state law (HRS Chapters 431 and 433.)

Your Committee also notes that the services of psychologists are currently recognized by the federal government in every major section of the health care field, under the Rehabilitation Act of 1973, Public Law 94-142, the Defense Department CHAMPUS program, and the disability insurance program of the Social Security Act. Psychologists are also recognized in Federal government regulations promoting community mental health centers, centers for the developmentally disabled (such as the ones operated by the State Department of Health), in IRS deductions for medical expenses and in regulations relating to the establishment of health maintenance organizations (HMO's).

Your Committee further notes that a psychologist can now serve the high position of Surgeon General of the United States and recent federal laws have been amended to include psychologists in risk-sharing contracts and in the federal Medicare program without the necessity of physician referral.

Your Committee believes that a more accessible, less costly health care system is a desirable public policy objective and that psychologists, in their area of expertise, are equal to psychiatrists.

Your Committee on Human Services is in accord with the intent and purpose of H.B. 911, and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Morgado.

## SCRep. 151 Human Services on H.B. No. 1279

The purpose of this bill is to require that child abuse or neglect cases meeting specified criteria established by the Department of Social Services and Housing (DSSH) be evaluated by a multi-disciplinary team.

The purpose of multi-disciplinary teams is to provide the Child Protective Service (CPS) social workers with the capability of obtaining a complete assessment of the child's situation, develop a treatment plan and assist CPS social workers in making critical decisions affecting the child and the family.

Multi-disciplinary teams are needed to assist the CPS social workers decide whether court action is necessary, whether removal of a child from home is needed, whether a child can be returned to a safe home, whether a petition for termination of parental rights should be filed, as well as whether a case can be safely closed. In situations where multi-disciplinary teams are lacking, the CPS social worker must make these crucial decisions without the benefit of consultation and consideration from other disciplines.

Your Committee believes that multi-disciplinary teams consisting of, as core members, a social worker, a psychiatrist/psychologist, a pediatrician, a nurse and an attorney are crucial to the DSSH's ability to properly address the intervention, as well as treatment aspect, of the child abuse problem.

Your Committee received favorable testimony from the Child Abuse Coalition and

the DSSH, which welcomed the mandate to use teams in situations meeting the Department's CPS guidelines. The Department cautioned however, that their ability to comply with this mandate will depend heavily upon legislative appropriations in this area.

Your Committee amended the bill by adopting the recommendation of the Department that the amendment be made to Chapter 346, HRS, which relates to the Department of Social Services and Housing, rather than Chapter 350, HRS, which relates to child abuse reporting.

Your Committee on Human Services is in accord with the intent and purpose of H.B. No. 1279, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1279, H.D. 1 and that it be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Liu and Morgado.

SCRep. 152      Human Services on H.B. No. 1285

The purpose of this bill is to require national criminal history record checks for all operators, staff or employees; or prospective operators, staff or employees of child care, detention, correction or treatment facilities to protect children served in these facilities.

Federal Public Law 98-473, the Continuing Appropriation Act for fiscal year 1985 appropriated \$106,000 under Title XX to the State of Hawaii for "training and retraining (including training in the prevention of child abuse in child care settings) to providers of licensed or registered child care services, operators and staff, state licensing and enforcement officials, and parents." A condition of entitlement to the full amount for fiscal years 1986 and 1987 is that the State amend its law, by September 30, 1985, to mandate nationwide criminal history record checks for all operators, staff or employees of child care facilities. If the State fails to do so, the State's allocation of \$106,000 will be reduced by fifty percent for fiscal years 1986 and 1987.

Your Committee received favorable testimony on the bill from the Department of Social Services and Housing (DSSH), the Office of Children and Youth, and the Hawaii Criminal Justice Data Center. The Honolulu Police Department had no objection to the bill as long as the criminal records clearance procedure was performed by a state agency.

While the Hawaii Criminal Justice Data Center supports the bill, it recommended that the term "criminal record clearance" be better defined and that it be specified in the bill that the criminal history record information be obtained by the DSSH through the Center. Accordingly, your Committee adopted the recommendation made by the State agency.

Your Committee believes that the federal assistance provided for the purpose specified in the bill is both timely and important in protecting our children from those who may prey on them in our child care facilities. Recent events in Hawaii and on the Mainland emphasize the need for more vigilance in screening those to whom we entrust our children.

Your Committee further amended this bill by adding an appropriation section providing \$30,000 for the purpose to the Hawaii Criminal Justice Data Center.

Your Committee on Human Services is in accord with the intent and purpose of H.B. 1285, as amended herein, and recommends that it pass second reading in the form attached hereto as H.B. No. 1285, H.D. 1 and that it be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Morgado.

SCRep. 153      Human Services on H.B. No. 588

The purpose of this bill is to appropriate funds for the continued operation of the Hawaii County Small Group Homes Project (the "Project").

By way of brief background, the Project which originally began on Oahu and which was expanded to the Neighbor Islands in 1982, offers groups of two to five people 50 years and older a shared living environment. While Project participants are capable of independent living, they favor the companionship, support and security of shared living with their peers in a home setting.

Your Committee finds that the major benefits of the Project are twofold. First, the Project enables persons to continue to live in the community as viable citizens, thereby avoiding costly and oftentimes inappropriate institutionalization. And second, the Project, an alternative group living arrangement, has allowed its participants to continue to live in the community with dignity and some degree of independence.

And finally, your Committee finds that the Hawaii County Small Group Homes Project will continue to provide invaluable services to Big Island residents and financial savings to the State, and supports its continued operation at the monetary levels specified.

Your Committee on Human Services is in accord with the intent and purpose of H.B. No. 588 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Kiyabu, Morgado and Shito.

SCRep. 154      Human Services on H.B. No. 1280

The purpose of this bill is to appropriate funds for the establishment of a pilot program on Alzheimer's Disease.

Your Committee believes that Alzheimer's disease is the most prevalent, devastating and dementing illness confronting our elderly population today. Your Committee notes that there presently is no cure for Alzheimer's disease and finds that creating a family support group or respite program for families of Alzheimer's victims who serve as care-givers will help to lessen the tragic impact of this disease upon the victims and their families.

Your Committee received favorable testimony on the bill from the Executive Office on Aging which had already reviewed a grant-in-aid application for respite services for family care-givers of Alzheimer's disease victims from the Alzheimer's Disease and Related Disorders Association (ADRDA), Honolulu Chapter.

The ADRDA also testified in support of the bill which would provide for a respite coordinator to train, supervise and oversee respite volunteers. The ADRDA testified that there are approximately 2,000 to 3,000 persons on Oahu afflicted with Alzheimer's disease. While many families have managed the burden of caring for an Alzheimer patient for four or five years with little or no assistance, respite services respond to an urgent need. The ADRDA testified that families have expressed that they would be highly supportive of a volunteer training program by an organization that understands the special needs of persons with Alzheimer's disease.

As received by this Committee, the amount to be appropriated by the bill was not specified. Your Committee, therefore has amended this bill by inserting the sum of \$25,000.

Your Committee on Human Services is in accord with the intent and purpose of H.B. No. 1280, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1280, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Liu and Morgado.

SCRep. 155      Human Services on H.B. No. 1283

The purpose of this bill is to appropriate funds for a full-time position to provide staff support to the State Coordinating Council on Deafness.

Your Committee received favorable testimony on this bill from the Department of Social Services and Housing, Hawaii Services on Deafness, State Coordinating Council on Deafness, Aloha State Association of the Deaf, Hawaii Registry of Interpreters for the Deaf, Commission on the Handicapped and a hearing-impaired individual.

Testimony indicated that the Council, which is a coordinating body, operates without staff and relies on the volunteer efforts of its members, almost all of whom are employed.

Guidelines for policies and procedures for agencies that serve the 60,000 hearing-impaired citizens in our State, and plans for inter-agency cooperative services for the hearing-impaired have been significantly hindered by the absence of staff.

Your Committee amended this bill by adding a new section which designates the Department of Social Services and Housing (DSSH) as the expending agency for purposes of this Act. Your Committee believes that since the Division of Vocational Rehabilitation, DSSH, can provide space and equipment for the position requested, DSSH is the proper expending agency.

Your Committee on Human Services is in accord with the intent and purpose of H.B. 1283, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. 1283, H.D. 1, and that it be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Morgado.

SCRep. 156      Human Services on H.B. No. 1163

The purpose of this bill is to allow children under eighteen years of age to be accompanied by parents, guardians, or victim/witness counselors or one other designated adult, while testifying at, or otherwise attending, any judicial proceeding.

In 1983, the Legislature saw the wisdom of allowing child victims and witnesses under eighteen years of age the right of accompaniment in juvenile proceedings. This right of accompaniment is reflected in Section 571-41(b), HRS.

Your Committee believes that, as more and more child victims become involved in judicial proceedings, our system of criminal justice needs to afford these children with additional rights and protection. Our criminal justice system is often criticized for adding to the trauma of an already traumatized child victim.

Your Committee believes that the system must change and begin caring for the rights of child victims. Unless the system is improved, many parents will choose to protect their child from the system and not testify. Your Committee believes that this system plays into the hands of child molesters and abusers by allowing them to remain free to continue to molest and abuse our children.

Your Committee received favorable testimony from the Victim/Witness Kokua Services, Department of Prosecuting Attorney, and from an individual mother of an abused child.

Your Committee has amended this bill by correcting the erroneous reference to Section 571-74, HRS, on page 1, line 11 of the bill.

Your Committee on Human Services is in accord with the intent and purpose of H.B. No. 1163, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1163, H.D. 1, and that it be referred to the Committee on Judiciary.

Signed by all members of the Committee except Representatives Cavasso and Morgado.

SCRep. 157      Consumer Protection and Commerce on H.B. No. 363 (Majority)

The purpose of this bill is to amend Section 294-35.5, Hawaii Revised Statutes, by raising the drivers' education fund underwriters' fee assessed and levied upon

each insurer and self-insurer of motor vehicles from \$1.25 to \$2.00 per year on each motor vehicle insured. Further, the amount of the fee allocated to the drivers' education program and administered by both the Judiciary, State of Hawaii and the Department of Education, State of Hawaii, is amended by this bill from a 40-60 split to a 50-50 split. Currently, the Department of Education is receiving 60 percent of the fees collected.

Your Committee received favorable testimony from the Insurance Commissioner, Department of Commerce and Consumer Affairs, and from the Judiciary, State of Hawaii.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 363 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.  
(Representatives Blair and Jones did not concur.)

SCRep. 158      Consumer Protection and Commerce on H.B. No. 1361

The purpose of this bill is to provide for the termination of assessments paid by thrift institutions to the Thrift Guaranty Corporation of Hawaii.

In order to provide immediate assistance to the depositors of Manoa Finance Co., Inc. and Great Hawaiian Financial Corp., the "Dods proposal" recommends a private loan to the State of Hawaii by member companies of Thrift Guaranty. In return for making the private loan, Thrift Guaranty would assume the assets of Manoa Finance and Great Hawaiian and commence the dissolution of Thrift Guaranty. The State, in turn, would discontinue assessments on the Thrift Guaranty members and would take a subordinate position on the \$27 million loan to Thrift Guaranty, which was used to pay off the initial claims against Thrift Guaranty.

Your Committee received favorable testimony from the spokesperson for the remaining 11 industrial loan companies of Thrift Guaranty Corporation of Hawaii, the Department of Commerce and Consumer Affairs, and depositors of Manoa Finance and Great Hawaiian.

Your Committee also received testimony stating that although the "Dods proposal" was commendable, it was inadequate in meeting the financial obligation of the Industrial Loan Company Act. Under the "Dods proposal", depositors of Manoa Finance and Great Hawaiian would receive 80 percent of the guaranteed amount.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 1361 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 159      Water, Land Use, Development and Hawaiian Affairs on H.B. No.  
1490

The purpose of this bill is to make adjustments to the correct law pertaining to leases of public lands.

H.B. No. 1490 was introduced as a short-form bill, which is sometimes referred to as a "vehicle" bill primarily used for convenience to introduce a bill containing only a general idea as to its purpose and means without specific details in long form. Your Committee has amended the bill to provide the substantive contents of the bill in long form so that a public hearing may properly be held on its substantive provisions. Without the amendment providing the substantive contents, members of the public cannot be duly apprised, in advance of the hearing, as to what the bill specifically purports to do and the specific means by which it intends to achieve the desired results. Thus, a hearing on a short-form bill may not be helpful, and a notice thereof could be less meaningful.

Your Committee on Water, Land Use, Development and Hawaiian Affairs is in accord with the intent and purpose of H.B. No. 1490, as amended herein, and recommends that it be recommitted to the Committee on Water, Land Use, Development and Hawaiian Affairs, for the purpose of holding a public hearing thereon, in



the form attached hereto as H.B. No. 1490, H.D. 1.

Signed by all members of the Committee.

SCRep. 160      Education on H.B. No. 1274

The purpose of this bill is to clarify the legislative intent that clinical psychologist services are to be included in the provision of services to exceptional children and on a fee basis as necessary.

Your Committee concurs with the intent of this bill to specify that clinical psychologist services are part of the related services for exceptional children for which the Department of Health shall be responsible.

Your Committee on Education is in accord with the intent and purpose of H.B. No. 1274 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 161      Education on H.B. No. 1434

The purpose of this bill is to appropriate \$2,000,000 out of the general revenues of the State of Hawaii for fiscal year 1985-86 for the repair and maintenance of public schools.

Your Committee heard testimony in support of this bill and finds that there is a serious need to identify projects at the school level that need repair and maintenance. By allocating funds to each high school (\$20,000), intermediate school (\$10,000), and elementary school (\$5,000), respective principals will have added flexibility to prioritize projects that require immediate attention.

Your Committee on Education is in accord with the intent and purpose of H.B. No. 1434 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 162      Education on H.B. No. 1504

The purpose of this bill is to appropriate funds for a van to transport the interscholastic sports teams of Hana High-Elementary School, Maui.

Your Committee was informed of the need for a van for Hana High-Elementary School by Representative Robert Lindsey and from testimony submitted at the hearing. At present, the school, which is geographically isolated, possesses a single 16-passenger school bus. One vehicle is insufficient to meet the needs of the school. Students must regularly rely on private transportation to and from athletic events.

Your Committee finds that without adequate transportation, the educational opportunities for the school are seriously limited. These opportunities have special significance to the students of this isolated community.

Your Committee on Education is in accord with the intent and purpose of H.B. No. 1504 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 163      Education on H.B. No. 1507

The purpose of this bill is to appropriate funds to establish and operate an ROTC program at Konawaena High School.

Your Committee was informed of the need for an ROTC program at Konawaena High School by Representative Robert Lindsey and from testimony submitted at the hearing.

Your Committee finds that over 150 students are waiting to participate in the ROTC program at Konawaena High School. Further, Konawaena will be the first neighbor island school to offer an ROTC program.

Your Committee on Education is in accord with the intent and purpose of H.B. No. 1507 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 164      Human Services on H.B. No. 1284

The purpose of this bill is to assure the appointment of interpreters for hearing-impaired persons who are parties to or witnesses before administrative, legislative, and judicial proceedings.

Your Committee finds that this bill addresses a fundamental issue of equal access and participation in government. This bill would assure that hearing-impaired persons have similar legal rights under state law that they currently possess under federal law. Currently, it is possible for a deaf person to be denied the ability to effectively participate in a public hearing of the state government, as a member of the general public, or in a judicial proceeding, solely because adequate communication through the provision of an interpreter is denied.

As received by your Committee, the bill made no provision for interpreters for hearing-impaired persons involved in court proceedings. Your Committee has amended this bill to require courts to appoint interpreters for hearing-impaired persons involved in judicial proceedings.

Your Committee has also amended the bill to provide for the compensation of intermediaries and set standards for the appointment of intermediaries.

Your Committee on Human Services is in accord with the intent and purpose of H.B. No. 1284, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1284, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Cavasso and Jones.

SCRep. 165      Human Services and Judiciary on H.B. No. 170 (Majority)

The purpose of the bill is to add a new category of people who may be involuntarily hospitalized at a psychiatric facility, namely those who are "gravely disabled."

While current law provides for the involuntary hospitalization of those who are mentally ill or suffering from substance abuse, as well as those who are imminently dangerous to themselves and to others, your Committees believe that, where a person is in need of care or treatment, and where there is no suitable alternative available through existing facilities and programs less restrictive than hospitalization, an additional category of people, those "gravely disabled", should likewise be afforded psychiatric treatment, by means of involuntary hospitalization.

Your Committees received much testimony on the bill. The American Civil Liberties Union questioned the bill's constitutionality because it did not meet the standard previously set out in *Suzuki v. Alba* and *Suzuki v. Yuen*, that persons must be imminently dangerous to themselves and others to be involuntarily committed. The Mental Health Association objected to the bill on the same grounds.

Your Committees received testimony in support of the bill from the Hawaii Families and Friends of Schizophrenics on behalf of 10,000 families in the State, whose loved ones are in need of treatment, but because of their affliction, are unable to make rational or responsible decisions concerning their personal welfare, and lack the capacity to understand that this is so.

Your Committees also received testimony from Betty M. Vitousek, Senior Judge, Family Court, indicating that nine other states (Alaska, Arizona, Arkansas, California, Colorado, Connecticut, Idaho, Indiana, and Washington) have enacted laws

on "gravely disabled" persons similar to the language in this bill, none of which have been found to be unconstitutional.

Your Committees, mindful of the need to be ever-careful in depriving any of Hawaii's people of liberty, believe that the State has an important interest in protecting and providing for the welfare and well-being of those afflicted with psychobiological disorders such as schizophrenia and manic-depression.

Testimony in support of the bill was also provided by the Hawaii Chapter, National Association of Social Workers, which pointed out that an individual committed on an emergency basis can be detained only for 48 hours, under law, unless he or she agrees to stay voluntarily or court commitment is initiated. In the event of the latter, the individual has the right to counsel and, if committed, can only be detained for a 90-day period unless recommitted. "Gravely disabled" persons, as all others committed involuntarily, generally can be treated or released to a less restrictive community facility or environment before this time.

Your Committees also received testimony in support of the bill from the Corrections Division, Department of Social Services and Housing, citing the ill-effects of the current law. A growing number of persons with mental health problems are being "criminalized" to get them off the streets for treatment. Your Committees were informed that many of them are classified as misdemeanants arrested for trespassing, vagrancy and other minor offenses, and are being funnelled into the correctional system in which they receive no psychiatric care. Furthermore, overcrowding in our prison system has made it difficult to segregate this population from other inmates. Given their condition and special needs, this population is often preyed upon by predatory inmates.

Your Committees believe that the humane and responsible state policy for this group of people is to provide psychiatric care, rather than feed them into the correctional system, rendering them defenseless, with further injury and without civil rights.

Your Committees on Human Services and Judiciary are in accord with the intent and purpose of H.B. No. 170, and recommend that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committees.  
(Representatives Cavasso and Morgado did not concur.)

SCRep. 166      Transportation on H.B. No. 285

The purposes of this bill are: 1) to clarify present statutory language relating to the permitted uses of appropriations by the department of transportation; 2) to allow the department to acquire rights and interests in airports owned or controlled by others for the development of joint use airport facilities necessary to meet civilian needs; 3) to prohibit explicitly other persons or agencies from performing any of the department's functions except for military purposes; and 4) to enable the department to acquire real or personal property without the assistance of the department of accounting and general services and to perform its own planning, design and construction of airport facilities.

Your Committee finds that, under present law, the department of accounting and general services is responsible for airport construction, engineering, and land acquisition functions. The department of transportation, however, is capable of and has been carrying out these functions independently of the department of accounting and general services. The bill, as amended, would conform statutory provisions to present practice by transferring the responsibility for airport construction, engineering, and land acquisition functions to the department of transportation.

Your Committee has amended Section 1 of the bill amending §261-4, H.R.S., to make technical amendments to conform to recommended bill-drafting style and to make punctuation amendments at page 1, lines 4, 9, and 11 of the bill as it was referred to your Committee. Your Committee is concerned that the proposed language of the bill prohibiting certain agencies from performing certain functions within the jurisdiction of the department of transportation may be unduly restrictive and could lead to interdepartmental or intergovernmental problems. Your Committee has therefore amended the bill to delete the proposed sentence at Section 1, page 3, lines 6 to 9 of the bill, as it was referred to your Committee.

Your Committee has amended page 3, line 12 of the bill, as it was referred to your Committee, to add the words "to be used" in order to clarify the types of structures and improvements that may be planned, designed, and constructed by the department.

Your Committee on Transportation is in accord with the intent and purpose of H.B. No. 285, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 285, H.D. 1, and be referred to your Committee on Finance.

Signed by all members of the Committee.

SCRep. 167      Finance on H.B. No. 275

The purpose of this bill is to effectuate the title of this bill.

H.B. No. 275 was introduced as a short-form bill, which is sometimes referred to as a "vehicle" bill, primarily used for convenience to introduce a bill containing only a general idea as to its purpose and means without specific details in long form. Your Committee has amended the bill to provide the substantive contents of the bill, in long form so that a public hearing may properly be held on its substantive provisions. Without the amendment providing the substantive contents, members of the public cannot be duly apprised, in advance of the hearing, as to what the bill specifically purports to do and the specific means by which it intends to achieve the desired results. Thus, a hearing on a short-form bill may not be helpful, and a notice thereof could be less than meaningful.

Your Committee on Finance is in accord with the intent and purpose of H.B. No. 275, as amended herein, and recommends that it be recommitted to the Committee on Finance for the purpose of holding a public hearing thereon, in the form attached hereto as H.B. No. 275, H.D. 1.

Signed by all members of the Committee except Representative Takamine.

SCRep. 168      Human Services on H.B. No. 489

The purpose of this bill is to appropriate \$100,000 to provide information, referral and counseling services to immigrants in leeward and central Oahu and the counties of Kauai, Maui and Hawaii.

Your Committee received testimony in support of the bill from the director of the State Immigrant Services Center. Testimony was also received from the Inter-Agency Council for Immigrant Services. The Inter-Agency Council pointed out that before providing funds for counseling and referral purposes a statewide assessment of needs to include the areas identified in the bill was necessary. The Council pointed out that there has never been a needs assessment performed for immigrants nor a statewide plan establishing priorities in the delivery of services to immigrants.

Your Committee also received testimony from the Kalihi-Palama Immigrant Service Center in support of a more efficient plan relating to services for immigrants in the State.

Your Committee believes that while information, referral and counseling may be important, avoiding haphazard planning in this day of limited resources is a higher priority.

Your Committee amended the bill by deleting the sum of \$100,000 from Section 1, line 2 and inserting the sum of \$50,000 for a statewide needs assessment and a statewide plan establishing priorities in the delivery of services to immigrants.

Your Committee further amended the bill by specifying that the needs assessment and statewide plan be developed by the Department of Urban Planning, University of Hawaii, and that the plan be submitted to the State Immigrant Services director and the Legislature twenty days prior to the convening of the Regular Session of 1986.

Your Committee is in accord with the intent and purpose of H.B. No. 489, as amended herein, and recommends that it pass Second Reading and be referred to

the Committee on Finance in the form attached hereto as H.B. No. 489, H.D. 1.

Signed by all members of the Committee except Representatives Hashimoto and Kiyabu.

SCRep. 169      Health on H.B. No. 942

The purpose of the bill as written is to appropriate a sum of money for the fiscal year 1985-86, for the development of an office of united self-help in mental health within the department of health's office of community support.

A large number of persons appeared and either testified or presented written testimony in strongly supporting this bill. Many who testified were professionals or representatives of various organizations involved in the field of mental health.

Basically, the Office of United Self-Help in Mental Health is a self-help organization which emphasizes wellness in its efforts to assist those with mental problems. In support of its wellness concept, the office acts as an advocacy group representative to correlate the activities of other self-help organizations. In addition, the office helps to make referrals of mentally ill persons just being discharged from hospitals, provides technical assistance in developing self-help leaders, encourages and assists professionals to work with the mentally ill, and generally conducts activities which provide a peer support system to reinforce and encourage self-help in overcoming the problems of mental illness.

The testimonies of the many supporters of the bill, in gist, is that "coming out of the closet", so to speak, for any minority group, particularly those suffering from mental illness, is a courageous affirmation of one's belief in the existence of a caring and sensitive society. For those who have been identified as having had a mental illness, the process of getting back into society has been a particularly difficult and slow process because of the lack of understanding about mental illness. The Office of United Self-Help not only serves as a peer support system to help the mentally ill get back into society, but also acts as a resource and advocacy agency that provides those in the business of providing rehabilitation services the basis for ensuring that the services provided are relevant and effective in achieving the goal of getting the mentally ill to move from dependency to personal independence.

The supporters of the bill further affirmed their view that the main strength of the self-help movement is its belief in the dignity and rights of the mentally ill individual. They also see the self-help movement as a long overdue adjunct to the traditional mental health services, and a natural progression in the field of mental care, not only because it appears to be the best course of action to take but because it is cost-effective.

Your Committee shares the view that the self-help process is valid and that the Office of United Self-Help in Mental Health should be funded as requested, but it believes that, hereafter, the office should make its request through the purchase of services process as provided for in chapter 42, Hawaii Revised Statutes.

Your Committee has amended the bill to provide that the sum appropriated for fiscal year 1985-86 will also be appropriated for fiscal year 1986-87.

Your Committee on Health is in accord with the intent and purpose of H.B. No. 942, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 942, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 170      Health on H.B. No. 975

The purpose of this bill as written is to appropriate out of the general revenues of the State of Hawaii the sum of \$100,000 or so much thereof as may be necessary for fiscal year 1985-1986 for an operating subsidy to Molokai General Hospital to ensure its continued operation and to assure accessibility and emergency health care for the residents of Molokai.

The administrator of Molokai General Hospital testified that the hospital serves a

very high number of welfare and medicare patients which reflects the economically depressed condition of the island of Molokai. This fact, together with recent federal medicare restrictions, which have most heavily impacted the smaller hospitals such as Molokai General, have made it necessary for the hospital to seek additional funding to ensure its continued operation and to assure accessibility and emergency health care for the residents of Molokai.

As there is a question of the legality of the appropriation being in the form of a subsidy, your Committee has amended the appropriation to be in the form of a grant-in-aid. Your Committee has also amended the narrative portion of section 1 of the bill to reflect the intention that the appropriation shall be for the fiscal years 1985-86 and 1986-87 and not only for the fiscal year 1985-86 as indicated in the narrative.

Your Committee on Health is in accord with the intent and purpose of H.B. No. 975, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 975, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Kiyabu.

SCRep. 171      Health on H.B. No. 998

The purpose of this bill is to provide a statewide information service to be administered by the department of health.

This bill will amend chapter 321, Hawaii Revised Statutes, which deals generally with the powers and responsibilities of the department of health, by adding a new section which provides that the department of health, in fulfillment of its responsibility to provide a statewide information service, shall contract with an acute care facility to provide such service.

The department of health testified that since 1968 funds have been appropriated for the continuation of the Poison Information Center with which agency the department has entered into yearly contracts to provide poison information services. The department has been providing this service under its general powers dealing with matters of health.

As the department testified, your Committee believes that the continuation of poison information services is essential for the public health and safety. Furthermore, a centralized source of comprehensive first aid information for the general, professional and paraprofessional public is needed to provide current and pertinent information on substance identification, diagnosis and treatment. Your Committee also believes that a service of such import should be mandated into the law not only to provide more specific guidelines, but to ensure its continuation.

Your Committee on Health is in accord with the intent and purpose of H.B. No. 998 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 172      Health on H.B. No. 1003

The purpose of this bill is to authorize the department of budget and finance to issue special purpose revenue bonds to assist not-for-profit corporations that provide health care facilities to the general public. The funds derived would be used for the purpose of financing, or refinancing the acquisition of equipment related to, and useful in, the operation of health care facilities.

Specifically, this bill designates the sum of \$5,000,000 to be used by Queen's Medical Center, \$3,000,000 to be used by Wahiawa General Hospital, and \$3,000,000 to be used by G. N. Wilcox Memorial Hospital, Kauai, for the purpose of financing or refinancing the purchase of equipment. Equipment to be purchased includes such items as surgery equipment, radiology equipment, blood gas analyzer, microscopes, etc., each of which would cost less than \$400,000 for replacement and \$250,000 for new equipment. These equipment minimums have been set by law, and, therefore, are below the current certificate-of-need threshold.



Testimony was presented which indicated that interest on financing and refinancing, which are necessary to provide for the continuing equipment needs of health care facilities, continues to be a significant factor in the cost of providing health care to the general public. The cost of interest is substantially less when tax exempt bonds are utilized for the financing of equipment needs, and the savings generated by the utilization of special purpose revenue bonds have played a significant part in the cost containment programs instituted by the subject hospitals.

Testimonies presented by the representatives of the three hospitals indicated that each of the hospitals have saved a substantial amount on interest payments because of their being permitted to rely on the issuance of special purpose revenue bonds. For example, in the case of The Queen's Medical Center, it is estimated that over the respective lives of the several special purpose revenue bonds issued for the benefit of the Center a total savings of approximately \$97,000,000 will result.

Your Committee on Health is in accord with the intent and purpose of H.B. No. 1003, and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 173      Health on H.B. No. 1030

The purpose of this bill is to mandate that all autopsies shall be performed by an anatomic or forensic pathologist certified as such by the American Board of Pathology, and that the department of health shall pay for the services of such a pathologist when a coroner of a county with a population less than 200,000 requests the assistance of the medical examiner or coroner of a county with a population of 200,000 or more in the performance of an autopsy.

The existing statutory provision dealing with autopsies, section 841-14, Hawaii Revised Statutes, merely provides that if, in the opinion of the coroner, or of the coroner's physician, or of the prosecuting attorney, or of the chief of police (in the City and County of Honolulu), an autopsy is necessary, that person shall perform, or cause to have performed, such an autopsy. Nothing is said about the qualifications of individuals who are to conduct autopsies.

The representative of the Hawaii Medical Association testified that currently all autopsies are being conducted by qualified pathologists in all of the counties except one, where autopsies are being conducted by the coroner's physician who is a family practitioner. This bill will correct the situation existing in the one county, and will further correct the deficiency existing in the statute by precluding the possibility that unqualified persons may conduct autopsies.

The Department of Health testified in favor of the bill but stated its opinion that the payment of travel and laboratory expenses, and payment for the services of a consultant pathologist to assist coroners on the Neighbor Islands, should be a county responsibility. Your Committee agrees with the Department of Health and, therefore, has accordingly amended the bill by deleting the section making an appropriation. In addition, the bill has been amended to clarify an apparent ambiguity which exists in the new section entitled: "Performance of autopsy by pathologist."

The amendment was made to make it clear that only an anatomic or forensic pathologist certified as such by the American Board of Pathology may conduct autopsies.

Your Committee on Health is in accord with the intent and purpose of H.B. No. 1030, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1030, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 174      Health on H.B. No. 1031

The purpose of this bill is to authorize the department of budget and finance to issue special purpose revenue bonds in the amounts set forth in the bill to assist

not-for-profit corporations that provide health care facilities to the general public.

Specifically, the bill authorizes the issuance of bonds to provide the sum of \$11,400,000 to Kaiser Foundation Hospitals, Oahu, for additions to the Moanalua Medical Center, including construction of a facility at the Moanalua Medical Center to house a skilled nursing facility, a reference laboratory, and a data processing center. In addition, the sum of \$7,000,000 is to be provided to Kaiser Foundation Health Plan, Maui, for expansion of the Wailuku Clinic. Issuance of the special purpose revenue bonds for the Wailuku Clinic is contingent on the approval of the certificate of need by the state health planning and development agency.

The bill also authorizes the department of budget and finance to further issue from time to time refunding special purpose revenue bonds to refund special purpose revenue bonds earlier authorized by the legislature.

A representative of Kaiser Foundation Health Plan/Hospital testified, in effect, that the Plan is a federally qualified health maintenance organization and is required to develop rates based on cost and to charge the same rates to every group or member with the same health care benefits; thus, any savings in interest expense is directly passed on, in the way of reduced increases in rates, to the consumer. The tax free revenue bonds authorized to be issued by this bill will result in estimated annual savings of \$470,000 in interest expense, and this saving, obviously, will be an important part of the cost containment efforts of Kaiser Foundation.

With respect to the construction of a skilled nursing facility at Moanalua, it was pointed out that Kaiser is experiencing difficulty finding beds for acute care patients who are ready to be discharged to a skilled nursing or intermediate care facility. The impact on Kaiser is that such patients are cared for in an acute care setting where the cost is \$250 per day as against a cost of \$87 per day if the patients were cared for in a skilled nursing care setting. Based on this experience and on the conclusions of a study which showed that it would not only be cost effective but would also be of benefit to members and to the public at large, it was decided that the construction of a new skilled nursing facility would be appropriate at this time.

On Maui, the amount requested will be used to enlarge the Wailuku Clinic to meet the needs of a membership which has doubled since 1980 and where facility utilization has also doubled.

Your Committee on Health is in accord with the intent and purpose of H.B. No. 1031 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 175      Health on H.B. No. 910

The purpose of this bill is to permit the department of health to assume responsibility for administering a maternal and child health program to reduce infant and maternal mortality, and otherwise to promote the health of mothers and children.

This bill will amend chapter 321, Hawaii Revised Statutes, which deals generally with the duties and responsibilities of the department of health, by adding a new part to permit it to carry out the responsibilities as stated in the purpose. Currently under existing provisions of the statutes, the department's functions in the maternal and child health program areas are limited to preventive medicine activities. This measure will broaden the scope of services provided and strengthen the role of the department in providing the leadership in assuring that mothers and children in the State of Hawaii have access to appropriate and quality health care services.

This bill will also permit the department of health to enter into contractual agreements with other qualified agencies to provide for services in the area of maternal and child health care. The department of health testified in favor of this bill and further stated that no additional funding will be necessary for implementing the program to be instituted by the provisions of this bill.

Your Committee on Health is in accord with the intent and purpose of H.B. No. 910 and recommends that it pass Second Reading and be referred to the Committee

on Finance.

Signed by all members of the Committee.

SCRep. 176      Health on H.B. No. 897

The purpose of this bill as written is to provide for an appropriation for an advance life support emergency ambulance unit for the Ka'u area of the island of Hawaii.

The department of health in its testimony supported the establishment of an emergency ambulance unit in the Ka'u district of the island of Hawaii. However, it was pointed out that due to the present lack of trained emergency medical personnel needed to operate an advance life support ambulance unit, such an advance life support ambulance unit could not be established by the effective date of the enactment of the bill, namely July 1, 1985. The department proposed that the amount appropriated be used for a basic life support ambulance unit for fiscal year 1985-86 and contingent upon the availability of trained fire/paramedics personnel, an advance life support ambulance unit in fiscal year 1986-87.

The mayor of the County of Hawaii presented testimony in support of the bill, but he also indicated the existence of some problem regarding the availability of trained personnel. Your Committee is aware of the shortage of trained personnel, and it is also aware that a group of persons is now taking the necessary training to become trained and qualified fire/paramedics. Based on this information, your Committee agrees that it would be prudent to accept the recommendations of the department of health, and accordingly, has amended the bill to reflect those recommendations. In addition, the bill has been amended to show the specific amounts needed to fund a basic life support ambulance unit for fiscal year 1985-86, and an advance life support ambulance unit in fiscal year 1986-87.

Your Committee on Health is in accord with the intent and purpose of H.B. No. 897, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 897, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 177      Transportation on H.B. No. 441

The purpose of this bill is to require the Department of Transportation to actively promote harbors located within the State by pursuing the maritime and commercial interests of State harbors.

Your Committee finds that the statute setting forth the powers and duties of the Department of Transportation does not include the function of promoting State harbors. While the function of promoting State harbors may be implied by existing law, your Committee wishes to remove any potential doubt as to the Department's power and duty to promote State harbors.

Your Committee received testimony from Barnaby F. Smith, of the Chamber of Commerce of Hawaii, and Norbert Cordeiro favoring the basic thrust of the bill, to require the Department of Transportation to actively promote the commercial harbors in Hawaii. Your Committee finds that State harbors are in direct competition with various domestic and foreign ports for business, requiring that State harbors be promoted more aggressively in order to garner a greater proportion of this business.

Your Committee has amended this bill as it relates to the proposed §266-2(d) at page 3, line 7, by deleting "manage the business of harbors and aggressively" to eliminate redundant language from the bill.

Your Committee has further amended this bill at page 3, lines 10 and 11, relating to the proposed §266-2(d), by deleting the words "the solicitation of business within or without the State, within other states, or in foreign countries" and substituting therefor the words "soliciting business both domestic and foreign", to clearly demonstrate the intent of the bill as to the breadth of the Department's duty to promote State harbors.

Your Committee on Transportation is in accord with the intent and purpose of H.B. No. 441, as amended herein, and recommends that it pass Second Reading in the form attached hereto at H.B. No. 441, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 178      Transportation on H.B. No. 838

The purpose of this bill is to add two new sections to Chapter 286, HRS, to: 1) provide for the issuance of certificates of registration for trailers; and 2) establish procedures for the transfer of such certificates of registration.

Your Committee finds that while current law requires vehicles (including trailers) to be registered with the county director of finance, there are at present no statutory provisions describing either the requirements for such certificates of registration, or the procedures for transferring such certificates. This discrepancy occurs because trailers are not defined as motor vehicles and not, therefore, subject to the provisions relating to motor vehicle registration and transfer. Your Committee is of the opinion that the statutes on vehicle registration need amplification and clarification with respect to the contents and procedures for transfer of certificates of registration for trailers.

Your Committee, however, has received testimony from the Hawaii Transportation Association indicating that the provision of paragraph (3), on page 3 of the bill, which would require that the certificate of registration be carried with the trailer, would be a hardship and inconvenience for operators of commercial equipment. Your Committee finds that in cases where a trailer is "spotted", uncoupled from its tractor and deposited for later pickup, the tractor driver picking up the trailer may not always be the same as the driver that spotted the trailer. The requirement for moving the certificate of registration among drivers as trailers are transferred from one tractor to another would pose problems.

Your Committee also finds that the Rules and Regulations of the Motor Carrier Safety Division, State of Hawaii, require that no common or contract carrier shall operate any motor vehicle upon the public highways of this State unless and until such carrier shall cause to be painted in contrasting colors on both sides of all motor vehicles, including trucks, tractors, and trailers to be used by the carrier the name, identifying symbol or known initials of that person, firm, corporation or association to whom a PUC certificate has been issued and the PUC number assigned to such carrier.

Your Committee, therefore, has incorporated the recommendation of the Hawaii Transportation Association by amending paragraph (3) in Section 1 of this bill by inserting, after the beginning phrase "Every owner of a trailer", the following language:

". . . , except for those trailers owned by a company or person operating under the jurisdiction of the Public Utilities Commission, . . ."

Your Committee has also made technical, non-substantive amendments to provide consistency in format and to correct a typographical error.

Your Committee on Transportation is in accord with the intent and purpose of H.B. No. 838, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 838, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 179      Transportation on H.B. No. 1199

The purpose of this bill is to amend section 286-209, HRS, relating to motor carrier vehicles, by increasing the fee charged for safety inspections required under this section from \$7 to \$10.

Your Committee finds that for the purpose of section 286-209, a motor carrier vehicle is a vehicle used in the transportation of persons or property in the furtherance of any commercial, industrial, or educational enterprise. Such vehicles are under the jurisdiction of the public utilities commission.

Your Committee also finds that the current fee of \$7 for motor carrier vehicle inspections was set in 1977. Your Committee further finds that under the proposed bill, the actual increase in inspection cost would amount to only \$3 per inspection, or \$6 per year per vehicle.

Your Committee is of the opinion that the proposed increase merely reflects the increased cost of doing business as a result of inflation, and that such additional cost would not be detrimental to the commercial motor vehicle carriers affected.

Your Committee on Transportation is in accord with the intent and purpose of H.B. No. 1199 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 180      Transportation on H.B. No. 281

The purposes of this bill are: 1) to make permanent the transfer of funds derived from the state general excise tax on retail sales of liquid fuel used for the purpose of operating motor vehicles on highways in the State, from the state general fund to the state highway fund, and to provide for the annual establishment of a formula to determine the amount of liquid fuel sold for these purposes; and 2) to increase the state vehicle registration fee set in section 249-31, Hawaii Revised Statutes, from \$1 per year to \$28 per year.

Your Committee finds that, under present law, there are several permanent sources of revenue for the state highway fund created pursuant to section 248-9, Hawaii Revised Statutes. Primary among these are state vehicle registration fees, state fuel taxes and state vehicle weight taxes. State vehicle registration fees are now set at \$1 per year pursuant to section 249-31, Hawaii Revised Statutes. State fuel taxes are levied at the rate of 8-½ cents per gallon by section 243-4, Hawaii Revised Statutes. Subject to a \$2 minimum, section 249-33, Hawaii Revised Statutes, establishes the rate of the state vehicle weight tax at \$.0045 per pound of a vehicle's net weight up to 6,000 pounds, at \$27 per vehicles for vehicles weighing from 6,000 to 9,000, at \$31.50 for vehicles weighing 9,000 to 14,000, and at a maximum of \$36 for vehicles weighing more than 14,000 pounds.

Your Committee also finds that revenues derived from the state fuel tax have diminished because of a decrease in the amount of gasoline used per vehicle due to better fuel efficiency and decreased usage of automobiles. At the same time, the costs of building and maintaining highways and related facilities and equipment have increased.

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 "temporary" transfer is scheduled to end on June 30, 1987.

Your Committee received testimony from the Department of Transportation, the Chamber of Commerce of Hawaii and the Hawaii Transportation Association favoring the bill. Your Committee finds that this bill attempts to provide adequate revenues to the state highway fund by providing a sound financial base to meet transportation needs and to permit adequate long-term planning.

During the summer of 1983, a State Highway Fund Task Force was formed under the auspices of the State Department of Transportation. Your Committee referred to the State Highway Fund Task Force report of September 22, 1983, containing the following recommendations for maintaining the solvency of the highway fund:

- 1) Increase the annual vehicle registration fee from \$1 to \$13;
- 2) Phase-in a 1-½ cents per gallon increase in the state fuel tax - 1 cent per gallon as of July 1, 1984 and an additional ½ cent per gallon as of July 1, 1985;
- 3) Make permanent the diversion from the general fund of the four per cent state general excise tax on the retail sale of most liquid fuels.

Your Committee has studied the recommendations of the State administration and

of the State Highway Fund Task Force. With the assistance of the Department of Transportation, your Committee has looked at alternate funding proposals and evaluated the impact of these proposals.

Your Committee has established two primary goals with regard to its highway fund proposal. The first is to maximize the amount of money remaining in the general fund after taking care of pressing highway needs and the second is to establish a fair and equitable way of spreading highway costs among highway users.

Your Committee has, therefore, made the following amendments to this bill:

1. In section 237-31 at page 1, line 11, the year "1987" has been replaced with the year "1991", to reflect the extension of the transfer of the general excise tax revenues collected on the sale of liquid fuel from the general fund to the state highway fund through the year 1991.

2. In section 237-31 at page 1, line 17 of the bill as originally referred to your Committee, the years "1984, 1985, 1986" have been replaced by the phrase "each year from 1984 through 1990", as shown on page 2, line 3 of the bill, as amended, to reflect that on July 1 of each fiscal year from 1984 through 1990, the director of taxation is to establish a formula that will determine the amount of revenues derived from the sale of liquid fuel which is to be deposited into the state highway fund.

3. In section 249-31 at page 2, line 14 of the bill as originally referred to your Committee, "\$28" has been replaced with "\$17 annual" as reflected at page 2, line 16 of the bill as amended. Also in section 249-31 at page 2, lines 16 through 19 of the bill as amended "for fiscal years 1985-1986, 1986-1987 and 1987-1988." and "Effective July 1, 1988, and each fiscal year thereafter, the vehicle registration fee amount shall be \$15." have been inserted. These amendments reflect changes in the vehicle registration fee and the relevant years such a change is to take effect.

4. In section 249-31 at page 2, lines 19 and 20 of the bill as originally referred to your Committee, "for that county" has been inserted as reflected at page 3, lines 2 and 3 of the bill as amended, to clarify which county, if a county elects to stagger the renewal of motor vehicle registration, shall stagger its collection of state registration fees.

5. In section 249-31 at page 2, lines 21 and 22 of the bill as originally referred to your Committee, "due and payable at the same time and may thus be" has been inserted as reflected at page 3, lines 4 and 5 of the bill as amended, to make provisions for the collection of the state registration fee at the same time as the county motor vehicle registration renewal.

6. A new Section 3 has been added to amend the original bill, and which amends section 249-33, Hawaii Revised Statutes, to provide for an even distribution of highway costs among highway users by increasing the tax assessed upon various categories of vehicles as determined by weight for vehicles weighing less than 6,000 pounds, the present 0.45 cents per pound rate will be increased to .60 cents per pound through July 1, 1988. Thereafter the rate will be decreased to .60 cents per pound. For vehicles weighing between 6,000 and 9,000 pounds the bill as amended would increase the weight tax from \$27 to \$42. For vehicles weighing between 9,000 and 14,000 pounds, the bill as amended would increase the weight tax from \$31.50 to \$52. For vehicles weighing over 14,000 pounds, the bill, as amended would increase the weight tax from \$36 to \$76.

7. A new Section 4 has been added to amend the original bill to amend section 243-4, Hawaii Revised Statutes, to provide for an increase in the fuel tax. The bill, as amended, would increase the 8- $\frac{1}{2}$  cents per gallon tax on most liquid fuels to 11 cents per gallon until July 1, 1988. Thereafter the fuel tax would be decreased to 10 cents per gallon.

8. Sections 3 and 4 of the bill as originally referred to your Committee, has been renumbered Section 5 and 6, respectively, in the bill as amended.

9. Your Committee has amended the language of Section 4 of the bill as it was referred to your Committee. Section 6 of the bill as amended, relating to the effective date of the bill. In order to permit the counties, who administer the collection of the registration fee and vehicle weight tax, to prepare their forms



and change their computer programs to conform to the proposed new law, your Committee has set the effective date for Sections 2 and 3 of the bill at October 1, 1985. Your Committee has set the effective date for Sections 1 and 4 of the bill at July 1, 1985.

Your Committee has also made technical, nonsubstantive amendments to the bill to conform it to recommended bill drafting style.

Your Committee on Transportation is in accord with the intent and purpose of H.B. No. 281, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 281, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 181      Transportation on H.B. No. 284

The purpose of this bill is to repeal section 266-5 of the Hawaii Revised Statutes, relieving the Harbors Division of the State Department of Transportation of the responsibility of operating and maintaining the drawbridge across the second entrance channel into Honolulu Harbor, also known as the John H. Slattery Bascule Bridge.

Your Committee received testimony from the Department of Transportation in favor of this bill. Your Committee finds that the drawbridge across the second entrance channel into Honolulu Harbor has been converted to a fixed bridge and should thus be transferred from the purview of the Harbors Division to that of the Highways Division of the State Department of Transportation.

Your Committee also finds that the Department of Transportation was issued a permit by the Commandant of the U.S. Coast Guard on June 29, 1983, authorizing the construction of a two-lane fixed bridge across the Kalihi Channel and the conversion of the existing John H. Slattery Bascule Bridge into a fixed bridge. The John H. Slattery Bascule Bridge is now part of FAP Route 64-Nimitz Highway to Sand Island Park. This bill, by repealing section 266-5 of the Hawaii Revised Statutes, will make the Hawaii Revised Statutes reflect the conversion of the bascule bridge to a fixed bridge.

Your Committee on Transportation is in accord with the intent and purpose of H.B. No. 284 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 182      Human Services and Health on H.B. No. 450

The purpose of this Act is to appropriate funds for the development of a plan to implement a single access system to long term health care services in Hawaii. Implementation of such a plan would, in all probability, decrease the number of persons who are prematurely or inappropriately placed in nursing homes, and provide a logical approach to planning for the needs of the long term care population in a cost-effective manner.

Your Committees find that currently an individual requiring long term care services must go through a lengthy process of locating, evaluating, and applying for these services. And frequently individuals receiving such services are placed in inappropriate programs. A single access system to pre-screen applicants is needed to prevent these problems, and to provide a better match of individuals and suitable services available.

Your Committees believe that it is of utmost importance that all government agencies involved with the provision of long term health care services work in cooperation with each other in the planning of a single access system. Therefore, the bill has been amended by specifying that the staff of the Department of Social Services and Housing in conjunction with the staff of the Department of Health and the Executive Office on Aging, are responsible for the development of a single access plan as provided for in the bill.

Further, your Committees have amended the bill by inserting the amount of

\$50,000 for fiscal year 1985-1986 in Section 2 which was previously blank for the plan's development.

Your Committees have also made technical and non-substantive amendments to the bill for the purpose of style and clarity.

Your Committees on Human Services and Health are in accord with the intent and purpose of H.B. No. 450, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 450, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committees except Representative Kiyabu.

SCRep. 183      Health and Judiciary on H.B. No. 171

The purpose of this bill is to bring the statutory reference in conformance with changes in numbering made by the Revisor of Statutes in accordance with the provisions of Act 188, Session Laws of Hawaii 1984.

This bill is a housekeeping measure as requested by the Revisor of Statutes to correct certain statutory references made in section 334-76, Hawaii Revised Statutes, which relates to the discharge from custody of certain patients. Specifically, it changes one of the references from "section 334-60 (b) (6)" to "section 334-60.7" and the other from section "334-60(b) (1)" to "section 334-60.2".

Your Committees on Health and Judiciary are in accord with the intent and purpose of H.B. No. 171 and recommend that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committees except Representative Hirono.

SCRep. 184      Employment Opportunities and Labor Relations and Judiciary  
on H.B. No. 268

The purpose of this bill is to make it unlawful for an employer to discharge or take any other disciplinary action against an employee because of assignment by court order of future wages for payment of child support.

Your Committees on Employment Opportunities and Labor Relations and Judiciary are in accord with the intent and purpose of H.B. No. 268 and recommend that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committees.

SCRep. 185      Ocean and Marine Resources on H.B. No. 188 (Majority)

The purpose of this bill is to make it unlawful for any person to use throw nets with stretched mesh of less than two inches after December 31, 1986.

The Department of Land and Natural Resources testified that the present use of throw nets with stretched mesh of less than two inches allows the taking of juvenile fishes before they grow to large adult size, curtailing the reproductive potential of these fish species. Further, the department testified that widespread use of throw nets with stretched mesh of less than two inches may be one of the causes of the depletion of desirable fishes in certain areas of the State. The department recommends that by making throw nets with stretched mesh of less than two inches unlawful after December 31, 1986, those fishermen currently possessing throw nets with smaller mesh will have adequate time to comply without undue hardship.

Your Committee is in agreement that conservation measures are necessary to prevent the depletion of desirable fishes in certain areas of the State, particularly along our shorelines, and that throw nets with stretched mesh of two inches will allow sub-adult fishes to escape and fulfill their reproductive potential. By making the date of compliance effective December 31, 1986, those fishermen possessing throw nets with stretched mesh less than two inches will have adequate time to comply without undue hardship.

Your Committee on Ocean and Marine Resources is in accord with the intent and purpose of H.B. No. 188 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

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

SCRep. 186      Water, Land Use, Development and Hawaiian Affairs on H.B. No.  
211

The purpose of this bill is to replace the requirement for the High Technology Development Corporation to administer and control industrial parks financed by the proceeds from revenue bond issues to a requirement to monitor and ensure compliance with the rules it adopts in connection with health, safety, building, planning, and land use.

Under current provisions of Section 206M-5, Hawaii Revised Statutes, the High Technology Development Corporation is responsible for the administration and control of projects for which it issues revenue bonds to finance construction. According to testimony from the Corporation, this requirement is an encumbrance of the Corporation's ability to encourage and receive private developers' participation in industrial park development projects. Since these developers incur all predevelopment costs and must repay bonds within prescribed time frames, they are unlikely to have their projects controlled and administered by the Corporation. Moreover, the Corporation staff numbers only three and cannot adequately assume the responsibility of control and administration of any industrial park development project.

Your Committee is of the opinion that this administration bill is an appropriate method of addressing the problem of improving private developers' participation in high technology industrial growth and development through the Corporation.

Your Committee on Water, Land Use, Development and Hawaiian Affairs is in accord with the intent and purpose of H.B. No. 211 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 187      Water, Land Use, Development and Hawaiian Affairs on H.B. No.  
181

The purpose of this bill is to allow the Department of Land and Natural Resources to lease, with adequate controls to be incorporated into lease agreements, State-owned or State-controlled historic properties to non-State entities.

Under current provisions of Chapter 6E-7, Hawaii Revised Statutes, the Department is authorized to issue permits for the use of historic property. According to testimony by the Department, leases would be a viable means by which non-profit organizations, private investors, and eleemosynary organizations may assist the State in securing and expending funds for the preservation of historic properties and in managing and maintaining these historic properties. Your Committee is of the opinion that the Department would be better able to fulfill its stewardship responsibilities of historic properties and that the State and non-State entities would be able to work together in preserving significant State-owned or State-controlled resources.

Your Committee on Water, Land Use, Development and Hawaiian Affairs is in accord with the intent and purpose of H.B. No. 181 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 188      Water, Land Use, Development and Hawaiian Affairs on H.B. No.  
210

The purpose of this bill is to provide immunity from or indemnification for civil liability and defense of members of the High Technology Development Corporation Board.

The last legislative session adopted Act 152, Session Laws of Hawaii 1984, which provided immunity from or indemnification for civil liability and defense of members of such boards. This would have had the necessary effect for the High Technology Development Corporation Board, except that Act 152 exempts Board members with "land trust obligations" from such protection.

Since one of the primary functions of the Corporation is land development, is was unclear as to whether its Board would ever incur such obligations, and the Attorney General's office recommended that legislation be proposed to clarify the situation and to remove the exclusion in the case of the High Technology Development Corporation Board.

Your Committee is in agreement that Board members of the High Technology Development Corporation should be immune under Section 26-35.5, Hawaii Revised Statutes.

Your Committee on Water, Land Use, Development and Hawaiian Affairs is in accord with the intent and purpose of H.B. No. 210 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 189      Agriculture on H.B. No. 1426

The purpose of this bill is to appropriate \$800,000 for the purpose of making farm loans to independent sugar growers as provided for in section 155-15, Hawaii Revised Statutes.

Your Committee finds that there are 113 independent sugar cane growers who comprise the United Cane Planters Cooperative, and who produce approximately 22,000 tons of raw sugar each year. These 113 independents own fifty per cent of the Hilo Coast Processing Cooperative, which harvests and processes cane into raw sugar for shipment to west coast refineries.

Your Committee also finds that the Legislature, in a series of acts dating back to Act 19, from the 1977 Special Session, has appropriated over \$7 million for special loan programs for independent sugar growers. These special loan programs have proven successful as a means of stabilizing this sector of the sugar industry. At the end of June, 1984, the provisions of Act 19 expired and the remaining \$800,000 in funds reverted back into the General Fund.

Your Committee finds that the future of the sugar industry will depend in large part on the provision, or lack thereof, of a sugar price support program in the 1985 Farm Bill presently being discussed in Congress. Furthermore, your Committee finds that there is a question as to the current availability of funds within the State Department of Agriculture's Agriculture Loan Program to support and assist if necessary, independent sugar growers.

Your Committee is of the opinion that sufficient funds must be available to meet the needs of the independent sugar growers, particularly in light of the uncertainties presently surrounding the industry.

Your Committee on Agriculture is in accord with the intent and purpose of H.B. No. 1426, and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Tam.

SCRep. 190      Agriculture on H.B. No. 1394

The purpose of this bill is to provide funds to the Department of Agriculture, to be matched dollar-for-dollar by the beef industry, for the promotion of Hawaiian beef products.

Testimony supporting this bill was received from the Department of Agriculture, the University of Hawaii College of Tropical Agriculture and Human Resources, the Hawaii Cattlemen's Council, Inc., and Kahua Beef Sales, Inc.

Your Committee finds that the market supply of beef and veal in Hawaii has

increased from 92.8 million pounds in 1979 to 99.8 million pounds in 1983. Hawaii's share of the market supply, however, is only approximately 32% and needs to be boosted.

Your Committee also finds that Hawaii's ranchers are netting less for their cattle today than in 1979. In order to capture a larger share of the local market, and to increase rancher profitability, it is necessary to establish and to promote a "house brand" grade of beef which will enable local beef to compete more favorably with "U.S. Choice".

Your Committee further finds that in order to properly promote local meat products, and to gain customer acceptance, there is a need for an advertising/promotion program such as that conducted for macadamia nuts, flowers and nursery products, etc.

Your Committee on Agriculture is in accord with the intent and purpose of H.B. No. 1394, and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 191      Agriculture on H.B. No. 1559

The purpose of this bill is to appropriate funds to the Department of Agriculture for plans, design, site preparation, and construction--including fencing and paving--for a consolidation facility for agricultural products for West Hawaii.

Your Committee finds that property selected to serve as a marshalling yard in Kona is presently in the condemnation process and the Department of Land and Natural Resources expects to have title to this parcel by this summer. Sufficient funds from the original \$250,000 appropriated for this project have been encumbered for the purchase of the property and for minor improvements such as grading the lot and widening and paving the roadway.

Your Committee also finds that an additional \$100,000 has been appropriated to the Department of Agriculture for planning, design, and construction of a facility on this lot. These funds will not lapse until June 30, 1987.

Your Committee further finds that since an agreed to plan for this facility has yet to be finalized, another construction appropriation may be premature. However, since it appears that the Department of Agriculture has insufficient funds to complete initial grading and construct fencing around the perimeter of the property, additional funds will need to be made available during fiscal year 1985-1986.

Your Committee on Agriculture is in accord with the intent and purpose of H.B. No. 1559 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Tam.

SCRep. 192      Agriculture on H.B. No. 1106

The purpose of this bill is to amend section 237-4, Hawaii Revised Statutes, to include within the definition of "wholesale" sale, those sales made to a licensed producer of agricultural products of materials or commodities essential to the planting, growth, nurturing, and production of a commodity which is to be used by the producer in the production of the final or saleable agricultural product.

Your Committee finds that this bill is in line with other statutory provisions granting a lower tax rate classification on sales of items to be incorporated in a manufactured good or produced commodity for further sale.

Your Committee on Agriculture is in accord with the intent and purpose of H.B. No. 1106, H.D. 1, and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Tam.

## SCRep. 193 Education on H.B. No. 393

The purpose of this bill is to provide that educational resources and school personnel be expended from the school priority fund. In addition, this bill allows each student to be weighted according to grade level for funding purposes.

Your Committee has amended this bill to provide that each regular education student and each special education student:

- (1) in grades kindergarten through six be counted as 1.0,
- (2) in grades seven and eight be counted as 1.2, and
- (3) in grades nine through twelve be counted as 1.4.

This weighted enrollment methodology is also used by the Department of Education in allocating funds for school level supplies, equipment, and textbooks.

Your Committee finds that the costs and quantity of specialized equipment necessary for students at the secondary (intermediate and high) schools are greater than that of elementary students at the elementary schools.

Your Committee has further amended this bill to provide that the moneys in the school priority fund may be appropriated and allotted for grades kindergarten through twelve and appropriated instructional resource augmentation (IRA) positions allocated for the elementary schools, and when feasible, at the discretion of the district superintendent, these positions may be utilized for students in grades seven and eight. Your Committee finds that these IRA positions will help alleviate some of the unique problems associated with students in grades seven and eight.

Your Committee on Education is in accord with the intent and purpose of H.B. No. 393, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 393, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Tam.

## SCRep. 194 Human Services on H.B. No. 846

The purpose of the bill is to provide \$40,000 on a one-time basis for the fiscal year 1985-1986 to the Kihei Youth Center for the purpose of stimulating youth activities in the Kihei, Maui area.

Your Committee received testimony from the Kihei Youth Center which gave clear indications of a successful youth program in the area. The Kihei Youth Center is the only program in the Kihei area meeting the needs of youth not involved in structured after school activities. The average age of the youth participating in the center is 13-14. Average youth attendance is 110 to 130 each month. Half of the youth in the Kihei area are being serviced by the program. The program is unable to develop, however, due to the instability of its financial base.

Your Committee believes that the Kihei Youth Center is a key element in the Kihei community's efforts to provide programs for its youth. Without a successful program such as the Kihei Youth Center, the State is likely to pay more in societal breakdown costs and in this sense, therefore, cost-effective.

Your Committee is in accord with the intent and purpose of H.B. No. 846, and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Hashimoto, Kiyabu and Liu.

## SCRep. 195 Higher Education and the Arts on H.B. No. 1305

The purpose of this bill is to create a 200th Anniversary Commission that shall arrange the commemoration of the 200th anniversary of the arrival of the Chinese in Hawaii.



This bill provides for:

1. selection of commission members who shall not be compensated but will be reimbursed for certain expenses;
2. powers and duties in regard to planning, developing, coordinating, and reporting of the events of the 200th anniversary celebration;
3. deposit and disbursement of funds and donations;
4. sunset date of December 31, 1988.

Your Committee on Higher Education and the Arts is in accord with the intent and purpose of H.B. 1305 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Tam.

SCRep. 196 Higher Education and the Arts on H.B. No. 850

The purpose of this bill is to appropriate \$5,000 in each fiscal year of the 1985-1987 biennium to fund the Kaaawa Charitable Society.

The Kaaawa Charitable Society is a community based organization that represents the people of the area in governmental and neighborhood concerns. It publishes the Kaaawa Magazine which is a monthly publication that publicizes community events, promotes cultural events and awareness, and discusses problems unique to rural areas.

Your Committee received testimony from the Kaaawa Magazine urging passage of this bill.

Your Committee on Higher Education and the Arts is in accord with the intent and purpose of H.B. 850 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Tam and Yoshimura.

SCRep. 197 Higher Education and the Arts on H.B. No. 753 (Majority)

The purpose of this bill as received was to add a new section to Chapter 304, HRS, entitled, "Educational Support and Student Services Revolving Fund." Into this fund would be deposited 20% of all tuition revenues received. The funds would be used for faculty and staff development programs, curriculum development, psychometric testing, counseling and guidance, and student registration.

Testimony provided by University administration opposed the passage of this bill. The administration believed that funding as a whole through general funds is preferable and provides a more stable base with which to operate.

Your Committee previously heard H.B. 293, H.B. 295, H.B. 296, and HB 297. Those administration measures called for the establishment of various special and revolving funds.

Your Committee has amended H.B. 753 by removing the proposed section, and replacing it with amendments to Chapter 304 as follows:

1. Creation of a section entitled University of Hawaii at Manoa malpractice special fund. This fund shall be expended for costs of defense or settlement of claims of malpractice in programs which provide professional services. The University may assess fees to individuals and those fees shall be deposited to the malpractice special fund. This fund was requested in H.B. 293.

2. Creation of a section entitled UH Manoa intercollegiate athletics special fund and UH Hilo intercollegiate athletics special fund. These funds shall be used to receive and disburse funds from the activities of the respective intercollegiate athletic programs. This section also provides authority to establish charges for

athletic related activities, and enumerates those items for which the fund may be expended. A revolving fund was requested in H.B. 295.

3. Creation of a section entitled UH Manoa internal support services special fund and UH Hilo internal support services special fund. This fund provides internal support for specific areas that include among others electronics and electronic services, transportation and motor pool services and instrumentation repair and maintenance services. The fees collected on a cost reimbursement basis shall be deposited into these special funds. Similar revolving funds were requested in H.B. 296.

4. Creation of a section entitled Systemwide computer services special fund. Revenues derived from the University's computer operations shall be deposited to this fund. Expenditures made shall be in support of computer services that include personnel, current expense, and equipment costs. A similar revolving fund was requested in H.B. 297.

5. Requirement of an annual report to the legislature that will include an itemized account of the income to and the expenditure from all special and revolving funds during the previous fiscal year.

Your Committee on Higher Education and the Arts is in accord with the intent and purpose of H.B. No. 753, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 753, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Tam.  
(Representatives Lindsey, Morgado, Say and Yoshimura did not concur.)

SCRep. 198      Higher Education and the Arts on H.B. No. 1301

The purpose of this bill is to amend Act 287, Session Laws of Hawaii 1984, section 2, part III, items M.1. and M.2., by inserting the phrase "Grant in aid" at the beginning of each item.

The State Foundation on Culture and Arts testimony indicated that this bill will clarify the language of an appropriation made last year and will designate the CIP appropriations to Bishop Museum and the Hawaii Performing Arts Company as grants in aid. Your Committee understands that the funding source of these items will continue to be General Obligation Bonds, and that these authorizations, if unencumbered as of June 30, 1987, will lapse as of that date.

Your Committee on Higher Education and the Arts is in accord with the intent and purpose of H.B. No. 1301, and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Tam.

SCRep. 199      Higher Education and the Arts on H.B. No. 1306

The purpose of this bill is to appropriate \$50,000 for the purchase of an artificial turf scrubber for the University of Hawaii baseball stadium.

A representative of the University of Hawaii Athletic Department testified that the purchase of a turf scrubber is essential for maximizing the usage of Cooke Field and the baseball stadium. The turf scrubber will greatly reduce the amount of time and effort currently needed to maintain the fields, and thus free those facilities for greater usage. Further testimony indicated that a scrubber that would be adequate for the University's needs could be purchased for \$26,000, and the expected usable life of the equipment is estimated at ten to twelve years.

Your Committee therefore amended this bill by reducing the amount requested to \$26,000.

Your Committee on Higher Education and the Arts is in accord with the intent and purpose of H.B. No. 1306, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. 1306, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Tam.

SCRep. 200 Higher Education and the Arts on H.B. No. 582

The purpose of this bill as received by your Committee is to amend Hawaii Revised Statutes, Chapter 107-5, to exempt the University of Hawaii from the fees and charges of the Department of Accounting and General Services for costs incurred in furnishing supplies and providing services. This bill also proposes to amend Section 304-8.1 by:

1. Changing the amount of money to be deposited into the University of Hawaii Research and Training Revolving Fund from 30% of the indirect overhead funds generated by the University to 100% of such funds; and
2. Deleting language that requires the Governor or the Director of Finance to authorize expenditures from the fund.

The research and training revolving fund helps faculty start research projects and acquire critical equipment, allowing them to successfully compete for additional extramural funds.

The University administration, faculty, and Faculty Senate submitted testimony in support of this measure. The administration regards expenditures of the funds as investments which lead to the securing of Federal grants and contracts. In the past, extramural funds received have been two to three times greater than expenditures made to attract them.

The Faculty Senate pointed out that the fund allows them to respond quickly to the contingencies that arise in research projects and that this bill is one of their top legislative priorities.

Testimony was also received pointing out that the lapsing provision in Section 304-8.1 (a) makes it more difficult to seek research grants.

Your Committee has amended this bill by deleting the proposed exclusion of the University from the fees and charges of the Department of Accounting and General Services, and reinstating the approval of the Governor or Director of Finance over expenditures.

Your Committee has further amended this bill by inserting language into the last sentence of Section 304-8.1 (a) that will cause it to read "except for amounts specified in subsection (c) for the purpose of providing advanced funding to meet reimbursable costs incurred in connection with Federally financed research and training projects, funds unencumbered in excess of 20% of the amount deposited into the revolving fund as of June 30 of each fiscal year shall be deposited to the credit of the general fund of the State".

Your Committee on Higher Education and the Arts is in accord with the intent and purpose of H.B. No. 582, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 582, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Tam.

SCRep. 201 Human Services on H.B. No. 848

The purpose of the bill is to provide \$26,500 as a supplement to the purchase of service appropriation to the First Response Crisis Intervention program of Maui Kokua Service, Inc.

Your Committee received testimony from Maui Kokua Service Inc. on the effects that the reduction in funding would have on their mental health/crisis intervention services. Rather than two 24-hour crisis workers, the program would be left with one. Since the number of team members was reduced from four to three, the two-person response team, essential to proper crisis intervention, is no longer feasible.

Your Committee believes that without the first Response Crisis Intervention program, Maui will suffer a substantial reduction in the number of individuals with

mental health problems being served.

Your Committee amended the bill by reducing the amount from \$26,500 to \$13,000 for each year of the biennium.

Your Committee further amended the bill by specifying that the department of health be the expending agency rather than the department of social services and housing.

Your Committee is in accord with the intent and purpose of H.B. No. 848, as amended herein, and recommends that it pass Second Reading and be referred to the Committee on Finance in the form attached hereto as H.B. No. 848, H.D. 1.

Signed by all members of the Committee.

SCRep. 202 Higher Education and the Arts on H.B. No. 298 (Majority)

The purpose of this bill is to authorize the collection of fees for the processing and issuance of financial aid transcripts at the University of Hawaii, and to allow their deposit into an already established revolving fund.

As a safeguard against fraud and abuse, the Federal government requires all applicants for Federal student financial aid to submit a transcript of all other Federal financial aid received in the past, along with a notation of delinquency or outstanding loans. The University presently does this at no charge to the student, but feels that it is reasonable to collect a fee to recover the clerical and postage expenses.

Your Committee is in accord with the University Administration's desire to make its financial aid transcript service more cost effective and responsive to changes in their needs through the use of the revolving fund established by Hawaii Revised Statutes Section 304-8.3.

Your Committee on Higher Education and the Arts is in accord with the intent and purpose of H.B. No. 298, and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.  
(Representatives Say and Yoshimura did not concur.)

SCRep. 203 Higher Education and the Arts on H.B. No. 1409

The purpose of this bill is to appropriate \$350,000 for each fiscal year in the 1985-1986 biennium to restore funds to the community college system that are expected to be lost through the enactment of the Carl Perkins Vocational Education Act of 1984.

The Carl Perkins Vocational Education Act has changed the way in which Federal funds are allocated and expended. This new legislation requires the State to meet new matching requirements, and requires that general funds be utilized to support certain on-going programs. Hereafter, Federal funds may be used only to supplement and enrich those programs.

The funds requested will be used to maintain the current service levels in the Disadvantaged and Handicapped instruction and support services, the Adult Training, and Criminal Offender programs. Of the sum requested, \$152,797 is necessary to match Federal funds.

Testimony from the Chancellor of the Community Colleges indicated that loss of funding would severely impair the school's ability to service those groups described above. The State Commission on Manpower and Full Employment also testified in favor of this measure, stating that the loss of Federal funds adversely affects vocational training for adults and criminal offenders, both of which are of particular concern to the Commission.

Your Committee has amended this bill by changing the appropriation request from \$350,000 to \$343,390 for each fiscal year, which reflects the figures provided in the University of Hawaii's testimony.

Your Committee on Higher Education and the Arts is in accord with the intent and purpose of H.B. No. 1409, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1409, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Tam.

SCRep. 204 Higher Education and the Arts on H.B. No. 1396

The purpose of this bill is to appropriate or authorize the sale of General Obligation and University of Hawaii Revenue Bonds to fund the purchase or construction of dormitory housing at the University of Hawaii at Hilo. The figures provided by the bill are: \$500,000 from G.O. Bonds, and \$400,000 from University of Hawaii Revenue Bonds.

Testifying in favor of this bill were the University of Hawaii at Hilo administration, Facilities Director, Housing Officer, and the Mayor of Hawaii County. The Chancellor of the University of Hawaii at Hilo testified that the lack of sufficient housing has severely impaired the implementation of the Academic Development Plan for Hilo, as it calls for University of Hawaii at Hilo to be primarily a residential campus. Housing data indicate that approximately one-third of the applicants for housing are not placed, and many fail to matriculate solely because of lack of housing. Recent trends indicate that many are discouraged from even applying for admission to the University of Hawaii at Hilo because they are aware of the acute shortage of bed space.

The Mayor of Hawaii County agreed that a major deterrent to the growth of the University of Hawaii at Hilo has been a lack of adequate housing.

An apartment complex located one block away from the campus has been offered for sale, and the University of Hawaii at Hilo believes that it can provide affordable apartment style housing for single students as well as families. It is estimated that 115 students can be accommodated in this so-called "Kobayashi Apartment".

Your Committee concurs with the intent and purpose of this bill to purchase the specific apartment complex described above, in spite of concern that there is no firm offering a price for the proposed site. Your Committee believes that standard procedure will be implemented by the Executive Branch which will assure that no purchase will be made unless a fair and appropriate price is agreed upon.

Your Committee on Higher Education and the Arts is in accord with the intent and purpose of H.B. No. 1396 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Tam.

SCRep. 205 Higher Education and the Arts on H.B. No. 299

The purpose of this bill is to expand the revolving fund established pursuant to HRS 304-8.4, to allow for replacing vocational equipment in the Community College system. The proposed changes will allow the various vocational education programs to assess a small equipment use charge to clients and to replace equipment as necessary with the monies collected.

Revolving fund accounts are maintained for all programs that involve "live job" experiences, and collect fees for their service or products.

Your Committee finds that heavy usage and constantly changing technology make the usable life of the equipment very short. The University feels that the combination of general funds and the revenues generated from the revolving fund will adequately maintain the equipment needs of the various vocational programs.

Your Committee on Higher Education and the Arts is in accord with the intent and purpose of H.B. No. 299, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 299, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

## SCRep. 206 Higher Education and the Arts on H.B. No. 308 (Majority)

The purpose of this bill is to amend Chapter 37, HRS, by adding new sections to be appropriately designated. The proposed language would expand the University's role and responsibilities in the biennial budget process. It would recognize the University as being different from other executive departments, and it assigns the responsibility for overseeing the budgetary process to the Board of Regents. It would allow the University to submit budget proposals and revisions to the Legislature without requiring the approval of the Department of Budget and Finance or the Governor.

Testifying in favor of this bill were the University administration, and the UH Manoa Faculty Senate. Both said that this bill would conform existing statutes to the 1978 constitutional amendment which grants exclusive jurisdiction over the internal management and organization of the University to the Board of Regents. The Faculty Senate further testified that because of their expertise in, and sincere concern for the quality of higher education in Hawaii, they are in position to plan, allocate, and be accountable for the University budget.

H.B. 308, as received by your Committee, would essentially remove the Department of Budget and Finance from the budgetary process as it relates to the University of Hawaii. Your Committee does not agree that Budget and Finance should be eliminated from the process, but we do find that there is room for adjustment. Your Committee has therefore drastically revised H.B. 308, deleting the proposed new sections but creating three substantive amendments to present statutes:

1. HRS 37-67 is amended by adding a paragraph which sets forth the same language as appears in Hawaii's constitution, ratified in 1978. While the intent of the 1978 Constitutional Convention was that our laws would be adjusted to grant the University a greater role in internal affairs, no specific steps have been taken to date. Your Committee feels the inclusion of this language in the law, though admittedly ambiguous, will stimulate the process of interpretation of, and adjustment to, the intent of the constitution.

2. HRS 37-37 is amended to allow the Board of Regents to make its own budget reductions in the limited situation where allotments have already been made and must subsequently be reduced. By virtue of this provision, your Committee has rejected proposals to significantly curtail the involvement of Budget and Finance in the overall University budgeting process, and has adopted a more cautious approach by tackling a specific and narrow part of the process which occurs only occasionally and only after numerous prior reviews of the budget by both the executive and legislative branches of government.

3. HRS 37-70 is amended to require submission by Budget and Finance to the legislature of written justifications for changes made to the budget proposed by the Board of Regents. This amendment would assure that the Legislature would have maximum information available to it at the time of its budget deliberations. Of the three amendments, this requirement is considered to be the top priority, for it provides a way of significantly improving the legislature's decision-making process. This reform is resisted by Budget and Finance, but your Committee is convinced that the value of the change outweighs any negative aspects.

Your Committee on Higher Education and the Arts is in accord with the intent and purpose of H.B. No. 308, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 308, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Tam.  
(Representatives Lindsey, Morgado, Say and Yoshimura did not concur.)

## SCRep. 207 Higher Education and the Arts on H.B. No. 845

The purpose of this bill is to provide the Polynesian Voyaging Society with \$100,000 for the FY 1985-1986 as a grant-in-aid to further their proposed two-year, 16,000 mile trip of the traditional voyaging canoe Hokule'a. The proposed voyage will extend as far as New Zealand, and will include stops at eight Pacific Island nations. The voyage will be made without modern navigational tools, and the visits it will make are for the purpose of promoting research, cultural awareness, and cultural exchange.



In addition to the testimony of Hokule'a crew members and PVS officers, State Foundation on Culture and the Arts and a University of Hawaii Anthropology faculty member also testified in favor of this measure.

The gist of the testimony centered around the PVS's contributions and efforts in the field of education. It is believed that through the information services and publications produced as a result of Hokule'a voyages, that Hawaii's people have become leaders in cultural exchange and awareness, and ambassadors of goodwill in the South Pacific.

Your Committee expressed a concern that the requested \$100,000 would not be adequate to help attain the PVS's ultimate goal of \$1,000,000. Your Committee decided that while it believed that a larger appropriation could be justified, it did not want to remove all incentives for the PVS to seek other sources of funds. Thus, an appropriation of \$200,000 is recommended.

Your Committee on Higher Education and the Arts is in accord with the intent and purpose of H.B. No. 845, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 845, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 208 Higher Education and the Arts on H.B. No. 1068 (Majority)

Section One of this bill proposes to remove the authority from the State Director of Finance to recommend, and the State Comptroller to establish, revolving funds at the University of Hawaii. Section Two indicates that the repeal would be retroactive and that all accounts repealed by the bill would be abolished on June 30, 1985 with remaining balances being transferred to the general fund.

Testimony of the UH Finance Director indicated that under the first provision, the University would lose the flexibility to respond to contingencies that may arise between legislative sessions, but that such a problem would not be insurmountable. However, Section Two of the bill would require that operations such as the University Press lapse any unencumbered balance into the State general fund, which would eliminate the Press's operating capital for their ongoing operations.

Your Committee is not prepared at the present time to retroactively eliminate duly constituted revolving funds established in accordance with existing law. However your Committee believes that future funds should be "special" rather than "revolving" funds to assure better scrutiny over the operations. Therefore, your Committee has amended this bill by deleting Section Two. This will allow existing functions which require working capital to maintain a reserve. Moreover, without Section Two, it is clear that Section One is not intended to have retroactive implications. Existing accounts established pursuant to HRS §304-8 may continue to function; all new funds established by the comptroller will be special funds.

Your Committee on Higher Education and the Arts is in accord with the intent and purpose of H.B. No. 1068, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1068, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Tam.  
(Representatives Lindsey, Morgado, Say and Yoshimura did not concur.)

SCRep. 209 Higher Education and the Arts on H.B. No. 907

The purpose of this bill is to appropriate \$3.5 million for the planning, design, and construction of a multi-use dancing and cultural center to be located in the city of Honolulu. The proposed center will accommodate between 1,200 and 1,600 ballroom dancers.

Your Committee has been made aware of the need for such a facility, and there are apparently senior citizen organizations which are concerned that no such facility exists that can house their recreational and cultural dance activities. However, no one came forth to testify at the hearing, and your Committee had no specific information on which to make a recommendation. Therefore, your Committee amended this bill by removing the \$3.5 million appropriation.

Your Committee on Higher Education and the Arts is in accord with the intent and purpose of H.B. No. 907, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 907, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 210 Higher Education and the Arts on H.B. No. 1077

The purpose of this bill is to make an appropriation to the Hawaii Youth Symphony Association (HYSA). This unspecified appropriation will supplement the operating funds for the Association for the fiscal year 1985-1986.

The HYSA provides musical opportunities and training for over 300 students from 63 different schools. These students experience playing in group settings, and there are scholarships for private lessons that are awarded based upon financial need.

Testimony of the HYSA Board of Directors and the State Foundation on Culture and the Arts support passage of this bill.

The HYSA stated that fees and admissions had been raised in recent times to meet expenses. If an appropriation is granted through this bill, the HYSA testified that it would be used to lower those fees and charges. Your Committee would prefer that any appropriation be used to increase the total budget to allow either expansion or enhancement of their program.

Your Committee on Higher Education and the Arts is in accord with the intent and purpose of H.B. No. 1077 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Tam.

SCRep. 211 Higher Education and the Arts on H.B. No. 1151

The purpose of this bill is to provide the Honolulu Symphony with a \$195,000 grant in aid to fund the "Music on the Light Side" concert series.

The Honolulu Symphony's goal is to present the highest quality orchestral performances to the widest possible audience. Testimony of the Music Director and Conductor of the Symphony, the State Foundation on Culture and Arts, and a symphony member supported passage of this bill. The Symphony's conductor stated that the "Music on the Light Side" series is unique in that it preserves and promotes traditional and popular Hawaiian music by creating original orchestrations and opportunities for Hawaiian artists to work with the symphony. Although most concerts have been near sell-outs, the modest admission prices cause the program to operate at a loss.

Your Committee expressed concern over the high cost of the program, but was assured that these costs are not inordinate when considering the work and preparation involved in creating and original presentations.

Your Committee has amended this bill by reducing the appropriation to \$50,000, primarily because of its reluctance to fund a program which has not sought funding through the Chapter 42 grant in aid system.

Your Committee on Higher Education and the Arts is in accord with the intent and purpose of H.B. No. 1151, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1151, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Tam.

SCRep. 212 Water, Land Use, Development and Hawaiian Affairs and Higher Education and the Arts on H.B. No. 383

The purpose of this bill is to make appropriations as follows:

(1) For the Department of Planning and Economic Development in promoting Hawaii as a sports training center for athletes who have the potential to perform competitively in international athletic games; and

(2) For the School of Medicine, University of Hawaii, in establishing a sports medicine center.

Your Committees received testimony, supportive of the bill, from the Department of Planning and Economic Development and from the University of Hawaii. According to the Department, infrastructure costs to develop this program full-scale would be minimal, because existing facilities throughout the State are generally adequate. Your Committees are in agreement that promotional activities by the Department might diversify economic development and employment opportunities in Hawaii in sports-related and tourist industries. The Department further recommended that an appropriation of \$100,000 would be sufficient for its promotional activities for the fiscal biennium 1985-1987.

According to the University of Hawaii, the establishment of a properly organized, funded, and functioning sports medicine center would be essential to the designation of Hawaii as an Olympic training site. Your Committees do not disagree with the idea that a sports medicine center may be desirable; however, they are of the opinion that, before the Legislature commits funds for such a purpose, more data on the feasibility and proposed planning for the center should be received and reviewed.

Also, the bill calls not only for the promotion of Hawaii as a site for international athletic performances, competitions, and games, but also for the development of Hawaii as a training center. Your Committees are of the opinion that there are sufficient data to confirm the fact that Hawaii is an appropriate site for international athletic performances, competitions, and games, but additional studies are desirable to determine whether or not Hawaii might become a training center as well.

Your Committees therefore recommend the following changes to the bill:

(1) That Section 2 of the bill, pages 3-4, be deleted in its entirety, thereby removing from discussion during the Regular Session of 1985 any intent or purpose in establishing a sports medicine center at the University of Hawaii;

(2) That the second half of Section 3 of the bill, lines 12-17, be deleted, in line with the first recommendation for change to this bill;

(3) That any references made to "training" be deleted from the following pages of the bill:

(a) Page 1, line 6;

(b) Page 1, lines 14-16, beginning with "and encourage those athletes";

(c) Page 2, line 5, replacing the word "training" with "competitive events";

(d) Page 2, lines 20-22; and

(e) Page 3, line 2;

(4) That a sum of \$100,000 be appropriated for the Department of Planning and Economic Development; and

(5) That technical, non-substantive amendments be made.

Your Committees on Water, Land Use, Development and Hawaiian Affairs and on Higher Education and the Arts are in accord with the intent and purpose of H.B. No. 383, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 383, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committees.

SCRep. 213      Water, Land Use, Development and Hawaiian Affairs on H.B. No.  
1272

The purpose of this bill is to authorize the issuance of \$25 million in special purpose revenue bonds, the proceeds of which will be used for the construction and installation of new water wells and for a major expansion of existing water storage and conveyance facilities for the part of the Ewa plain known as James Campbell Industrial Park, West Beach, Ewa Plantation, Ewa Marina, and Makakilo, for continued growth of industrial and economic activities and the provision of housing in the Ewa plain.

The City and County of Honolulu General Plan has designated the Ewa plain as Oahu's secondary urban center. Ewa's residential population projected for the year 2000 is expected to be approximately 10 per cent of Oahu's population. The Plan identifies the need to develop additional water sources and transmission facilities for the Ewa plain.

Your Committee received testimony from the Department of Planning and Economic Development in support of this bill. The issuance of special purpose revenue bonds, pursuant to Part V, Chapter 39A, Hawaii Revised Statutes, will greatly benefit the State in meeting the objectives of stimulating new industry, support additional economic activities, and provide increased employment opportunities in the secondary urban center.

Your Committee on Water, Land Use, Development and Hawaiian Affairs is in accord with the intent and purpose of H.B. No. 1272 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Tam.

SCRep. 214      Water, Land Use, Development and Hawaiian Affairs on H.B. No.  
1252

The purpose of this bill is to amend Section 237-23(a), Hawaii Revised Statutes, by exempting from the general excise tax merchants' associations which are organized to handle joint advertising and promotional activities.

Under current law, exemptions extended to membership organizations recognize the non-profit nature of such entities. These organizations include charitable and educational institutions, business leagues and trade associations, and cooperative associations. According to testimonies from various merchants' associations, dues received from their members are used for joint advertising and other promotional activities, and these associations do not engage in regular business for profit and do not perform any particular service for individual merchants. The associations are merely vehicles through which the common advertising and promotions may be carried out.

Your Committee is of the opinion that these merchants' associations are nonprofit conduits for the general benefit of their memberships, and that the proposed exemption is appropriate.

Your Committee on Water, Land Use, Development and Hawaiian Affairs is in accord with the intent and purpose of H.B. No. 1252 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Tam.

SCRep. 215      Water, Land Use, Development and Hawaiian Affairs on H.B. No.  
1431

The purpose of this bill is to amend Section 363-4, Hawaii Revised Statutes, by deleting the specific acreage requirements for each island and adding Oahu to the list. The bill also appropriates an unspecified amount of money for plans for the acquisition of land for veterans' cemeteries.

Under present provisions of Section 363-4, the Department of Land and Natural Resources is required to set aside, or acquire by exchange, purchase or condemnation, land suitable for establishing veterans' cemeteries on the islands of Hawaii, Maui, Kauai, Molokai, and Lanai. The statute specifies the number of acres for each island.

Your Committee finds that there are at the present time cemeteries on Oahu, Hawaii, Maui, Kauai, and Molokai accommodating veterans in operation under the jurisdiction of the respective counties. The needs of interment at these cemeteries are being adequately met; however, your Committee is of the opinion that projected needs may create problems of space as many veterans and their families choose to obtain burial benefits in veterans' cemeteries in Hawaii. Your Committee is therefore in agreement that the State should proceed expeditiously with a comprehensive program to provide necessary land for our veterans' cemeteries.

Your Committee leaves unspecified the amount to be appropriated so that the subsequent committee may determine the funding for this project.

Your Committee on Water, Land Use, Development and Hawaiian Affairs is in accord with the intent and purpose of H.B. No. 1431 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Tam.

SCRep. 216      Water, Land Use, Development and Hawaiian Affairs on H.B. No.  
1312

The purpose of this bill is to amend Chapter 237, Hawaii Revised Statutes, by providing an exemption for computer services from the general excise tax where these services are sold to customers in another state. This bill also defines "computer services" as products such as computer cassettes, discs, and cartridges; print-outs which contains programs or data; and the technical services necessary for their production.

Under current provisions of the general excise tax law, all "services" are taxable at the 4% rate. According to testimony by the Tax Foundation of Hawaii, such services are performed for the final consumer and therefore "sold" at retail and can only be performed in the State. Tangible goods, however, are subjected to differing tax rates, depending on whether or not the goods are for final consumption. At the production, manufacturing, and wholesale levels, the tax imposed is a 0.5% rate, while at the level of retail sales of products for local consumption the tax imposed remains a 4.0% rate.

Your Committee finds that, when products are sold out-of-state, at retail, the interstate commerce clause forbids taxation of goods moving between states. Such sales are tax exempt. However, in the case of manufacturing and producing, the law provides the imposition of the general excise tax based on the product value just prior to entering interstate commerce. Thus, the 0.5% rate is imposed on products sold to out-of-state purchasers by manufacturers and producers.

Your Committee is of the opinion that this bill attempts to improve the business climate of Hawaii, especially in the rapidly growing high-technology industry, by removing a tax disincentive; and that any projected growth of employment opportunities and business development. Therefore, your Committee is in agreement that computer services would be overshadowed by projected growth of employment opportunities and business development. Therefore, your Committee is in agreement that computer "services" should be defined as tangible goods indicated from the general excise tax.

Your Committee on Water, Land Use, Development and Hawaiian Affairs is in accord with the intent and purpose of H.B. No. 1312 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Tam.

SCRep. 217      Water, Land Use, Development and Hawaiian Affairs on H.B. No.  
702

The purpose of this bill is to create a Hawaii Film Industry Authority, a body corporate and a public instrumentality of the State, whose function is to finance film production facilities, studios and other projects; provide services which would promote the filmmaking industry; expedite film location permits; and promote Hawaii as a filmmaking site.

Your Committee finds that the film industry is an attractive, non-polluting

industry which does not deplete the natural resources of the State and, at the same time, generates income and employment for our people.

Your Committee finds also that the filming of television and motion picture features requires the ready availability of sound and film studios.

Your Committee further finds that the only professional quality film and sound stage facility in the State, Universal City Studios, will not be available after 1986 because its lease expires at the end of that year.

Centralizing the State's efforts, through the proposed Authority, will permit a coordinated approach to the financing and management of a filmmaking facility and will also prove a focus for the issuing of filmmaking permits.

Your Committee has received a large number of positive testimony from all segments of the business community regarding the purpose of this bill. Job opportunity enhancement, revenue enhancement for the State and local governments, and selling Hawaii to the world through films produced in the State are the main reasons for the many positive statements regarding the purpose of this bill.

Your Committee concurs with the intent and purpose of the bill but recommends some amendments to improve its effectiveness:

(1) Page 2, line 12: The word "facilitate" has been changed to "issue". This change will enable the Authority to expedite the film permit process which is, at present, a major source of complaints by filmmakers.

(2) Page 6, line 2: The "nine" voting members of the Authority's board of directors has been changed to "eleven". On line 6, the three members specified are to be selected from the membership of the Pacific Film Institute and the "at large" membership reduced to two. These changes are made to provide the crucial ingredient (expertise) necessary for the successful operation of an Authority such as proposed in this bill.

(3) Page 8, line 4: The phrase "the issuing of" has been added between "agency for" and "permits" to emphasize the importance of this activity.

(4) Page 9: A new "(17)" has been added to emphasize the point that the Authority should fund and permit the use of the facilities to local industry, local production, and local training and education in filmmaking activities.

(5) Page 26, lines 4-5: The sum to be appropriated has been changed from \$100,000 to \$1,000,000. This change will permit the Authority immediately, and, on a scale commensurate with the urgent need, to provide the physical facilities contemplated by the bill.

(6) Page 26: A new SECTION 5 has been added, specifying land parcels to be used as filmmaking complexes. This is done to preclude the time-consuming process in locating such sites. If the creation of the Authority and the construction of filmmaking facilities are as urgent as your Committee is led to believe, pre-selection of sites to avoid delay is vital.

(7) SECTION numbers have been realigned to accommodate the amendments made by your Committee.

Your Committee on Water, Land Use, Development and Hawaiian Affairs is in accord with the intent and purpose of H.B. No. 702, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 702, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Tam.

SCRep. 218      Water, Land Use, Development and Hawaiian Affairs on H.B. No.  
1429

The purpose of this bill is to make an appropriation for plans and designs for a State Vietnam Veteran War Memorial at an appropriate location to be determined by the Department of Land and Natural Resources.

There were numerous testimonies in support of this bill. Your Committee finds



that a number of memorials for specific wars are being maintained throughout the State; however, the Korean and Vietnam wars have not been so recognized in Hawaii. Moreover, your Committee is in agreement that the design should be a work of art, as was commissioned for the National Vietnam Memorial in Washington, D.C.

Your Committee leaves unspecified, the amount to be appropriated so that the subsequent committee may determine the funding for this project.

Your Committee recommends an amendment to this bill. Rather than the Department of Land and Natural Resources, the State Foundation on Culture and the Arts should be the expending agency. Your Committee proposes that the war memorial design be a work of art and that the Foundation would be the appropriate agency to coordinate any project in planning and designing for the memorial. In testimony, the Department of Land and Natural Resources concurred with this recommendation.

Your Committee on Water, Land Use, Development and Hawaiian Affairs is in accord with the intent and purpose of H.B. No. 1429, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1429, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Tam.

SCRep. 219      Water, Land Use, Development and Hawaiian Affairs on H.B. No.  
1210

The purpose of this bill is to facilitate and encourage a program of neighborhood revitalization through joint government, business, and community cooperation. This proposed program includes repair and maintenance of government facilities and other improvements to include, but not be limited to, sidewalks, streets, curbs, bus stops, parks, bike lanes, and schools.

According to testimony from the City Council, City and County of Honolulu, many neighborhoods on Oahu and, in particular, in the primary urban center from Pearl City to Kahala, have old and deteriorating infrastructures. Improvement of these public facilities is a high priority.

Your Committee is in agreement that neighborhood revitalization projects are desirable inasmuch as they would provide start-up funds and would demonstrate how the State and county governments may encourage participation by the business community and residents to work together in enhancing their community quality of life.

Your Committee is of the opinion that the intent of the bill is desirable; however, there is need to streamline its structure. Therefore, the following amendments are recommended:

- (1) Page 3, line 12: To end the proposed chapter at Section -6;
- (2) Page 3, lines 13-25: To include appropriations in a new SECTION 2 of this bill, written in conformance with the language recommended by the Hawaii Legislative Drafting Manual, Seventh Edition, and to specify the general revenues as the source of appropriated funds for the fiscal year 1985-1986; and to create a new SECTION 3 of this bill to identify the Department of Accounting and General Services as the expending agency;
- (3) Page 4, line 1: To specify the effective date of the proposed Act, rather than the proposed chapter; and
- (4) Technical, non-substantive changes in conformance with standard format of a bill.

Your Committee on Water, Land Use, Development and Hawaiian Affairs is in accord with the intent and purpose of H.B. No. 1210, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1210, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Tam.

SCRep. 220      Water, Land Use, Development and Hawaiian Affairs on H.B. No.  
877

The purpose of this bill is to authorize general obligation bonds and appropriate funds for the renovation and beach restoration at Waikiki War Memorial Park and Natatorium, substantially in the manner described in Plan 2 of the November 1984 "Waikiki War Memorial Park and Natatorium Preliminary Planning Report" by CJS Group Architects, Ltd.

Your Committee finds that, over the years, government and community agencies and organizations have sought a way to preserve and protect the Waikiki War Memorial and Natatorium. However, no proposal for their restoration and use was successfully accepted, and the historic structure continued to deteriorate. However, in November 1984 the CJS Group Architects, Ltd., published a report for the Department of Parks and Recreation, City and County of Honolulu, offering what has been designated as Plan 2, a proposal offering for the Memorial Park and Natatorium the probability of greater public access, better utilization of the location, lower costs, and continuance of the historic memorial with re-established respect for its original purpose in honor of the members of our Armed Forces from Hawaii who were killed in World War I.

Your Committee is in agreement with the intent of this bill; however, your Committee is of the opinion that financial responsibility must be shared between the State and the City and County of Honolulu. Therefore, your Committee recommends that the State be responsible for half of the total projected cost (\$4,700,000), and that a proviso be added to SECTION 1 of the bill, stating that the City and County of Honolulu match the sum (\$2,350,000) to be appropriated by the State.

Your Committee on Water, Land Use, Development and Hawaiian Affairs is in accord with the intent and purpose of H.B. No. 877, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 877, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Tam.

SCRep. 221      Water, Land Use, Development and Hawaiian Affairs on H.B. No.  
1047

The purpose of this bill is to clarify Section 202(b) of the Hawaiian Homes Commission Act, 1920, as amended, by allowing the Department of Hawaiian Home Lands to hire any temporary staff exempt from Chapters 76 (civil service), 77 (compensation), and 78 (general provisions on public service), Hawaii Revised Statutes, without specifying the specific occupational categories of such jobs.

Section 202(b) deals with the appointment of personnel exempt from civil service and compensation laws and allows the Department to hire such personnel by contract for no more than two years at a time and for no more than a total of six years, unless temporary employment of essential staff is extended beyond six years with the approval of the Governor. According to testimony from the Department, the present language of Section 202(b) raises questions on whether the exempt hiring authority extends only to certain types of jobs as specified or whether it applies to all temporary jobs.

Your Committee is in agreement that the exemption should be extended to any temporary job and that there would be no valid reason to specify the types of temporary jobs in finance and funding, planning and development, legal matters, and agriculture and ranching.

The Department has also requested that two amendments be made, as follows:

(1) Page 1, lines 14-15: To delete the word "or" (line 14) and, following "operating funds", to add the phrase "or native Hawaiian rehabilitation fund". This proposed amendment would allow the Department to use the special rehabilitation fund to hire temporary staff required in carrying out that fund's projects.

(2) Page 2, line 7: To delete all remaining language in this paragraph, beginning with the words "and employees having tenure". This statutory language is no longer needed because it refers to converting non-civil service employees employed before June 30, 1963, to civil service status. The conversion has been

completed, and the statutory provisions are no longer needed.

Your Committee is in agreement with the two amendments being proposed by the Department. In addition, a spelling error has been corrected in the title of this bill.

Your Committee on Water, Land Use, Development and Hawaiian Affairs is in accord with the intent and purpose of H.B. No. 1047, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1047, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Tam.

SCRep. 222 Higher Education and the Arts on H.B. No. 374

The purpose of this bill is to establish a program that would provide tuition waivers and refunds to students who agree to study English, math, or the natural sciences, and enroll in a program that would qualify them to teach in Hawaii public schools. This bill also provides for qualifications which the students must meet to be eligible for the tuition waiver that include: full-time standing, a declared major in approved course work, and a residency clause. There is a further provision for a repayment clause that makes the student liable for payment of the waived tuition should that student fail any courses during the semester.

Testimony from the University administration and the University of Hawaii Professional Assembly support the intent of this bill.

Your Committee has discussed the advantages and disadvantages of requiring study in specific fields such as math or English, the need for a repayment clause, and the requirement that grantees of tuition waivers seek employment with the Department of Education upon graduation.

Your Committee has amended this bill so that qualifying fields of study should be open and not restricted. This will encourage a broad range of outstanding students to enroll in the College of Education.

A requirement that graduates who take advantage of this program should teach in our public schools was adopted. Although your Committee believes that regardless of the professions those graduates choose, the potential services and expertise they provide will benefit the State as a whole, nevertheless your Committee recognizes that some students might take unfair advantage of the program without any intention of becoming teachers.

Your Committee has amended this bill by making the student incentive a loan rather than a tuition refund or waiver. Further amendments provide for terms and conditions for expenditure and repayment of the loan. Also provided by amendments to this bill are conditions for a waiver schedule for the outstanding balance of the loan, based on employment as a teacher in the public school system. Paragraphs that refer to tuition refunds in H.B. 374 have been amended to reflect the amendments made in H.B. 374, H.D. 1, or have been deleted.

Your Committee on Higher Education and the Arts is in accord with the intent and purpose of H.B. No. 374, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 374, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Hemmings, Pfeil and Tam.

SCRep. 223 Higher Education and the Arts on H.B. No. 482 (Majority)

The purpose of this bill is to link the percentage of stipend increases for University of Hawaii graduate assistants to the average percentage adjustment for collective bargaining unit (7).

Representatives from the University of Hawaii submitted testimony in support of this bill. Testimony indicated that graduate assistants are not represented by a collective bargaining unit, and that graduate assistant stipend adjustments have been substantially lower than faculty salary increases in recent years. Testimony

further indicated that in addition to linking stipend increases to faculty collective bargaining negotiated increases, a one-time "catch-up" adjustment is needed since present stipend levels have lagged behind the salaries of faculty and other government workers. Your Committee finds that a ten per cent "catch-up" increase is appropriate.

Your Committee finds that more graduate assistant positions are needed in high priority teaching and/or research areas.

Your Committee has amended the bill by creating a new Section 1, which increases the number of graduate assistant positions by five in fiscal year 1985-1986, and by an additional five in fiscal year 1986-1987. Furthermore, a sum of \$210,000 is appropriated for the fiscal biennium 1985-1987.

Your Committee has amended the bill by creating a new Section 2, which appropriates \$125,000 for fiscal year 1985-1986, for a one-time increase in stipends for all graduate assistants.

Your Committee has amended the bill by renumbering Section 1, 3, 4 to Section 3, 6, 7 respectively.

Your Committee has amended the bill by numbering the second paragraph in Section 2 as Section 5.

Your Committee has amended the bill by renumbering Section 2 to Section 4. Furthermore, appropriations for stipend adjustments which are tied to collective bargaining agreements are made for the fiscal biennium 1985-1987 instead of only the fiscal year 1985-1986 as in the original bill.

Your Committee has also made some technical, non-substantive amendments to the bill for the purpose of style and clarity.

Your Committee on Higher Education and the Arts is in accord with the intent and purpose of H.B. No. 482, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 482, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Hemmings, Pfeil and Tam.  
(Representative Yoshimura did not concur.)

SCRep. 224      Judiciary on H.B. No. 354

The purpose of this bill is to provide an increase in salary to the justices and judges of the state courts.

This bill will amend Section 571-8.2, 602-2, 602-52, 603-5 and 604-2.5, Hawaii Revised Statutes.

In July 1984, the commission on judicial salaries was established jointly by the Governor, Chief Justice, Senate President and House Speaker for the purpose of reviewing and recommending adjustments to the salary schedules for judges and justices. The commission was charged with the task of reviewing the current compensation structure for justices and judges and recommending salary adjustments based on their findings.

In November 1984, the commission issued its finding and recommendation to the members of the legislature in a report entitled, "Report of the Commission on Judicial Salaries". The commission concluded the present salary structure for the justices and judges is woefully inadequate, and was neither "fair" nor "just", nor was it reasonably calculated to achieve the goals of judicial compensation. These goals established by the commission were, that compensation should: (1) be commensurate with judicial responsibilities; (2) provide security for the judge and his family; and (3) attract and retain successful and experienced practitioners to the bench.

Specifically, the commission recommended: (1) that, in accordance with the recommendation of the American Bar Association, the State should set a goal of compensating its justices and judges at a level comparable with judges of similar responsibility in the federal court system, and (2) that, pursuant to Article VI,

Section 3, of the Hawaii Constitution, the legislature establish a salary commission to review and recommend on an ongoing basis, fair, reasonable, and just salaries for all justices and judges.

The bill proposes the following pay adjustments for the justices and judges: (1) district court and district family judge from \$47,520 to \$72,200; (2) circuit court judge from \$50,490 to \$76,000; (3) chief judge of the intermediate appellate court from \$53,460 to \$80,400; (4) associate judge of the intermediate appellate court from \$51,975 to \$78,390; (5) associate justice of the supreme court from \$53,460 to \$80,400; and (6) chief justice of the supreme court from \$56,430 to \$84,420.

The chairman of the commission on judicial salaries presented the findings and recommendations of the commission and testified in support of the bill. He further testified that with the present salary structure it is difficult to attract applicants for judicial appointments from a certain segment of the legal community. This segment includes those attorneys in the 42 to 55 year old age bracket in private practice with about 20 year experience.

Your Committee also received testimony in support of the commission's report and the bill from the judicial selection commission and the Hawaii Bar Association.

The prosecuting attorney, City and County of Honolulu, testified in opposition to the bill. They expressed concern that the proposed salaries represent a fifty percent (50%) increase while other civil servants are being told the State can only afford a six percent (6%) increase over two years. In addition, the prosecuting attorney's office testified that there is no justification for the high salary proposed for district court judges. The prosecuting attorney's office, however, did not oppose an increase of judicial salaries, but believed that the increase should be reasonable and in line with other public servants.

Committee members expressed concern with a fifty percent (50%) increase. The chairman of the salary commission stated that the commission made its recommendations based on its goals and left to the legislature to determine the exact amount.

Your Committee discussed an incremental increase in salaries as an alternative to approving the full increase at one time.

There was concern expressed with the salary commission's goal of parity with federal judicial salaries. Presently, a federal magistrate earns \$66,100 and a federal district court judge earns \$76,000, together with a fifteen percent (15%) cost of living allowance. There was disagreement as to whether salaries of federal district court judges and state circuit court judges should be on parity. The chairman of the salary commission stated that the duties are comparable.

After much discussion your Committee amended the bill as follows: (1) that the salary of a district court and district family court judge be raised to \$58,219; (2) that the salary of circuit court judge be raised to \$61,283; (3) that the salary of an associate judge of the intermediate court of appeals be raised to \$64,508; (4) that the salary of the chief judge of the intermediate court of appeals be raised to \$67,904; (5) that the salary of an associate justice of the supreme court be raised to \$67,904; and (6) that the salary of the chief justice of the supreme court be raised to \$71,478.

The proposed salary amendments for justices and judges were calculated on the basis of information provided by the judiciary with respects to proposed increases for the executive branch. Based on this information the chief justice would receive a salary that would be ninety-five percent of the governors'. Further, the salary schedule would retain the five percent (5%) differential between the compensation levels of the several judicial offices that currently exists.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 354, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 354, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 225      Judiciary on H.B. No. 693

The purpose of this bill is to authorize appropriations for claims filed for the

refund of real property taxes, judgments and settlements against the State and, other miscellaneous payments as provided by Section 37-77, Hawaii Revised Statutes.

Your Committee received testimony from the Attorney General in support of this measure.

Your Committee has adopted the recommendations of the Attorney General by making the following amendments:

- 1) Section 1 has been amended to include a list of tax refund cases and a list of claim settlements against the State;
- 2) Section 2 has been amended to specify when and how all appropriated sums shall be paid to the respective persons;
- 3) Section 3 has been amended to limit the amount of interest a person can accumulate on such a claim, as provided in Section 662-8, Hawaii Revised Statutes;
- 4) Section 4 has been added to state that if any portion of this Act or its application to any circumstances or person is held invalid for any reason, no other part of the bill shall be affected; and
- 5) Section 5 of the amended bill incorporates portions of Section 3 of the submitted bill.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 693, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 693, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 226      Judiciary on H.B. No. 689

The purpose of this bill is to replace the advisory committee of the Hawaii criminal justice data center with a criminal justice data interagency board appointed by the Governor to promote interagency cooperation and coordination in the development of a statewide criminal justice information system.

Your Committee heard testimony in favor of this measure from the Attorney General and the Ad Hoc Committee on the Criminal Justice Information System.

At the present time, as mandated by Section 846-2, Hawaii Revised Statutes, there is an interagency advisory committee to the data center. Your Committee heard testimony that this organization has not been as successful as hoped because it lacks formal representation.

Your Committee believes this measure will help coordinate efforts between agencies in an effort to improve the criminal information system available to all segments of the criminal justice community. In acknowledgement of the value of this program, your Committee recommends the appropriation of \$7,000 to fund the board. Furthermore, wording was added by your Committee to specifically note that members of the board shall be representative of criminal justice agencies throughout the state and shall include a member from each county and ex officio members as deemed necessary.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 689, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 689, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 227      Judiciary on H.B. No. 690

The purpose of this bill is to authorize the Hawaii Criminal Justice Data Center to select and enforce systems of identification of all persons arrested for a criminal offense, to whom penal summonses have been issued for a criminal offense and who



have been convicted or granted a deferred acceptance of guilty (DAG) or nolo contendere plea or a conditional discharge, and to provide for the collection, recording, and compilation of data and statistics relating to crime.

The bill will amend Section 846-2.5, Hawaii Revised Statutes, to allow for the mandatory fingerprinting of all persons convicted by way of penal summons for statistical and informational purposes. At the present time, the statewide Offender-Based Transaction Statistics/Computerized Criminal History system does not have any penal summons, DAG or nolo contendere cases stored in its data base.

Your Committee recognized that because of this void, a major portion of a total criminal justice information system, which the criminal justice agencies are striving towards, is lacking. By recording and compiling information on all offenders, great strides will be made in making a reliable, accurate and complete data base for the state.

Your Committee adopted the suggestion of the Attorney General to appropriate \$8,000 in order to effectuate the purposes of this measure.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 690, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 690, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 228      Judiciary on H.B. No. 635

The purpose of this bill is to set forth by statute particular costs which may be awarded to the prevailing party in a civil action pursuant to a taxation of costs.

Your Committee finds that, presently, under statutes, rules of court, and practice, an award of costs pursuant to a taxation of costs may be severely limited. For example, expenses incurred for travel expenses for witnesses and counsel, copies of depositions, local telephone charges, and postage are usually not allowed as taxable costs.

Your Committee believes that litigation is becoming far more complex. As a result, greater expense must be incurred in order to properly prepare a case for trial. This bill provides for greater access to the courts by permitting certain expenses to be considered taxable costs. These expenses include: intrastate travel expenses for witnesses and counsel, expenses for deposition transcript originals and copies, and other incidental expenses, such as copying costs, intrastate long distance telephone charges, and postage.

Your Committee further believes that the bill provides for a fair award of taxable costs. Under this bill, the court, in determining whether and what costs should be taxed, must consider the equities of the particular situation, including the economic status of the parties and the merits of the claim.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 635 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 229      Judiciary on H.B. No. 476

The purpose of this bill is to provide flexibility in the payment of legislator's salaries by allowing a legislator an option to collect more of his salary during the legislative session.

Presently, a legislator's salary is paid in equal amounts beginning with the first pay period for State employees in November of the year the legislator is elected.

Previously, the method of payment was seventy-five percent of the legislator's annual salary during the months of February, March, and April, and the remaining twenty-five percent of the salary in installments over the remaining nine months of the year.

Your Committee received testimony in support of the measure from Representative Reynaldo Grauly.

Some legislators are self-employed and are unable to spend time on their own businesses when the legislature is in session. These legislators may be entirely dependent on their legislative salaries to support themselves and their families during the three months the legislature is in session. Therefore, it seems appropriate that a major portion of the legislative pay should be made when the legislator is devoting most of his time to legislative duties.

A concern was raised that more flexibility should be provided in the scheduling of payments. Rather than the option set forth in the bill, legislators should be able to determine their own schedule of payments to meet their needs.

A question was raised by a Committee member as to payments if a legislator decides to receive seventy-five percent of his salary during the legislative session and then decides to resign right after session. It was felt that this matter should be addressed by the next committee to which this bill will be referred.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 476 and recommends that it pass Second Reading and be referred to the Committee on Legislative Management.

Signed by all members of the Committee.

SCRep. 230      Judiciary on H.B. No. 458

The purpose of this bill is to provide for a crime task force pilot program for the County of Hawaii.

Your Committee received testimony in favor of this measure from the Office of the Prosecuting Attorney of the County of Hawaii.

The pilot task force is designed so as to allow for flexibility and better allocation of resources. The task force will consist of two attorneys, one special investigator, and one legal secretary. These positions will be funded through the State general fund. The task force is designed to investigate and prosecute specific types of criminal activity that are of concern to the county. At the present time, the prosecutor's office cannot reassign individuals due to the heavy normal caseload each prosecutor carries.

According to the prosecutor's office, in a recent task force operation the police and federal law enforcement efforts had to be stopped after a very short time because of the volume of cases produced. The proposed pilot program will allow the office to reduce crime on the Big Island by effectively prosecuting those arrested in such operations.

Furthermore, the bill provides that the prosecuting attorney of the County of Hawaii report annually in writing to the Chair of the House Judiciary Committee on the activities of the crime task force.

Your Committee is in accord with the intent and purpose of H.B. No. 458 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 231      Judiciary on H.B. No. 1563

The purpose of this bill is to delete the ceiling on payment of court appointed counsel when extended or complex legal representation is necessary.

Under present law, court appointed counsel are afforded reasonable compensation by the court. Services rendered are based on a rate of \$30 an hour for out-of-court services, and \$40 an hour for in-court services with various maximum fees depending upon the type of case. Payment in excess of the established maximum may be awarded in felony cases and in appeals to the supreme court or intermediate appellate court. However, according to Section 802-5, Hawaii Revised Statutes, this shall not exceed more than twice the maximum allowable fee set for such representation.

Your Committee received testimony on this measure from the judiciary and a private attorney.

The judiciary stated that although in agreement with the intent of the measure, without a statutory ceiling there would be no way to accurately estimate in advance the amount of funds to be needed for this program. Already, they stated, legal aid services are unpredictable to anticipate and often incur deficits.

Your Committee has adopted the recommendations of the judiciary by retaining the present ceiling of twice the maximum fee where extended or complex representation is needed. However, in recognizing the high cost of comprehensive legal counsel, your Committee further amended the bill to double the maximum allowable fee for appeals to the supreme court or intermediate appellate court for felonies and for misdemeanor jury trial cases.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 1563, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1563, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 232      Judiciary on H.B. No. 1463 (Majority)

The purpose of this bill is to authorize the chief of police to fix and collect fees for firearm registration and permits.

Under the present law, a person must apply for a permit to acquire a firearm. The Honolulu Police Department (HPD) testified that this consists of fingerprinting, photographing, and conducting a background check on the applicant. Once acquired, the owner must register the firearm. Currently, no fees are charged for either the registration or permit process.

HPD further testified that most such services performed by the police department have a corresponding fee to offset some of the costs incurred. The bill provides that funds generated under this measure shall be paid into the general fund of each county.

Your Committee deleted the portion of the bill dealing with fees for registration of firearms. Such registration does not carry the same administrative requirements of permits. Based upon the testimony of the HPD on the approximate cost of processing each permit, your Committee agreed to set a ceiling on such permit fees at \$5. Further, the bill was amended to insure that each permit remain valid for a period of at least one year.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 1463, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1463, H.D. 1, and be referred to the Committee on Finance.

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

SCRep. 233      Judiciary on H.B. No. 1420

The purpose of this bill is to increase fees payable for civil, criminal and material witnesses.

Under present law, witnesses receive many different compensation amounts for their testimony depending upon the type of case. Witnesses for civil cases receive \$4 for each day's attendance in court and 20¢ a mile for traveling expenses each way. Witnesses who must travel to another island are entitled to \$6 for each day's attendance, the actual cost of round trip plane or ship travel and 20¢ a mile for legitimate ground distances. Witnesses for criminal cases receive \$10 for each day's attendance and 30¢ a mile for traveling expenses each way. Witnesses who must travel to another island are entitled to \$12 for each day's attendance, the actual cost of round trip plane travel and 30¢ a mile for necessary ground distances. Material witnesses are paid \$20 for each day in custody.

The measure provides for standard fees in all three cases. In lieu of a daily flat rate, the bill sets the witness fees to the equivalent of a day's pay for hourly paid workers, provided the fees do not exceed \$10 an hour and that all other witnesses receive a flat rate of \$20 for each day's attendance. Further, the bill grants 30¢ a mile for traveling expenses for witnesses in civil cases. For those witnesses who must travel to another island, a \$10 additional fee is granted. The bill also authorizes ship travel, in addition to plane travel, for witnesses in criminal cases.

The judiciary testified that they are not opposed to the increases set forth in this bill, however, the bill as drafted would require the judiciary to ascertain the rate of pay of witnesses before making payment to them. Presently, witnesses receive their compensation immediately, the proposed language would severely slow the process.

Your Committee was in agreement to amend the bill to provide for payment of the same flat fee of \$20 per day to all witnesses and delete all references to fees equivalent to a day's pay.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 1420, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1420, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 234      Judiciary on H.B. No. 1258

The purposes of this bill are to: (1) exclude for income tax purposes any intangible income (such as dividends and interest) received by any beneficiary residing outside the State from any trust having a situs within the State, and (2) allow an income tax credit to any resident beneficiary of a trust having a situs in another state for any income taxes paid by such trust to another state on any income received from other than intangibles.

Currently, Section 235-4, Hawaii Revised Statutes, provides that non-residents are taxed on income derived from sources in the State. There is no difference in taxation irrespective of whether the beneficiary is a resident or non-resident of this State.

At present, a tax credit is not available to non-resident beneficiaries of a trust or estate having a situs in the State. Since no tax credit against Hawaii income taxes is permitted, there is a strong possibility that the non-resident beneficiary will be taxed by two different states, as well as the federal government. This bill would eliminate the tax inequity resulting from the double taxation of non-resident beneficiaries.

Your Committee heard testimony from the Department of Taxation and several individuals and organizations. The testimony indicated that enactment of the bill would help retain trust business within the State, and that, in addition, enactment of the bill would provide local trust companies with an opportunity to attract additional financial services business from capital fleeing certain western Pacific and Asian nations which are currently flowing to other jurisdictions where state income taxes are not imposed on non-residents.

Your Committee understands that several years ago a similar bill passed but was returned without the Governor's signature because of a concern that non-resident owners of real estate might escape taxation of rental income by placing their properties in land trusts and making use of this exclusion. This measure explicitly states that the exclusion is not available for income derived from land trusts.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 1258 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

## SCRep. 235      Judiciary on H.B. No. 1255

The purpose of this bill is to propose an amendment to Article III, Section 6, of the Hawaii Constitution to require that a candidate for the State Senate or House of Representatives be a registered voter of the district from which he or she seeks to be elected at the time of filing nominations.

Under the present law a candidate need not establish residency in a particular district until the day of the general election.

The lieutenant governor's office testified that this amendment would provide a clearly defined residency standard and would be of great assistance from an administrative standpoint. The office also pointed out that a portion of the bill apparently had been inadvertently omitted. Your Committee amended the bill by adding a new section 1, renumbering the remaining sections, and adding a beginning phrase to the new section 2.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 1255, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1255, H.D. 1, and be referred to the Committee on Legislative Management.

Signed by all members of the Committee.

## SCRep. 236      Judiciary on H.B. No. 1165

The purpose of this bill is to amend Section 706-624.5, Hawaii Revised Statutes, to require notice be given to the surviving immediate family members of a victim when the court decides to suspend the sentence of or place on probation the defendant. It also sets a time table as to when such notice is to be served.

At the present time, section 706-624.5, Hawaii Revised Statutes, provides notice to the victim of an offense upon written request for such a notice.

Representatives from the Hawaii County Prosecutor's Office, Victim/Witness Kokua Services of the City and County of Honolulu, Victim/Witness Program of the County of Kauai and the Hawaii State Committee on Family Violence submitted testimony in support of this bill. The testimony indicated that the surviving immediate family members should also be considered victims and given the same notice of a defendant's change in custody status.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 1165 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

## SCRep. 237      Judiciary on H.B. No. 1095

The purpose of this bill is to convert the criminal injuries compensation fund to a revolving fund and to appropriate the sum of \$150,000 to the fund.

The criminal injuries compensation commission uses the fund to make payments to victims or dependents found eligible for compensation under the provisions of Chapter 351, Hawaii Revised Statutes.

Your Committee received testimony in favor of this measure from the criminal injuries compensation commission and the Victim/Witness Kokua Services.

Your Committee recognizes the tremendous value of this program. Since its inception in 1968, the commission has assisted over 3,400 victims. Currently, awards are taken out of a fund that the legislature appropriates on an annual basis. This year, as in past years, the fund has incurred a deficit. Thus, many victims, although their claim has been approved, must wait an unnecessarily long period of time to receive their award.

By converting to a revolving fund, victims should be paid as soon as the commission grants an award. This measure also authorizes the sum of \$150,000 for the fund.

Concern was expressed by your Committee that establishing a revolving fund infers that the program is generating revenue, which it does not. However, your Committee agreed to retain the proposed wording.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 1095 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 238      Judiciary on H.B. No. 983 (Majority)

The purpose of this bill is to provide a new Section 235-102.6, Hawaii Revised Statutes, that would allow each taxpayer to designate a certain amount to the political party of their choice.

Under present law, an income tax check-off system for funding of the Hawaii election campaign fund is provided. Each taxpayer whose state income tax liability for the taxable year is \$2 or more, may designate \$2 of such liability to be paid to the fund. Those married couples filing joint returns may assign \$4 to the fund if their tax liability is \$4 or more.

The measure provides that a taxpayer may designate a part of his tax liability to be paid to a qualified political party of his choice. Such a check-off does not constitute an additional tax liability under the proposed legislation. The bill authorizes the director of taxation to revise the individual state income tax form to allow for the provisions set out in this measure.

Your Committee is concerned with the increasing costs necessary to run for public office. Many candidates rely on large contributions from individuals, corporations, and political action committees to fund their campaigns. Your Committee believes that methods of encouraging and promoting small, individual contributions is a step toward a more responsive and stronger democratic system.

Your Committee believes that such a check-off system would strengthen grass-roots participation. Candidates would be less dependent on large contributors. Further, the bill would encourage all taxpayers to actively participate in the political process. Thus, the citizens of Hawaii, that may feel left out of the important political process are afforded an opportunity under this proposal to take part in our democratic way.

Your Committee did not receive any testimony recommending dollar amounts to place in the appropriate blanks of Section 3 of the bill. It is believed that such amendments would be better determined by your Committee on Finance.

Reservations were expressed by several of your Committee members concerning this measure. However, the state's compelling interest to adopt such legislation was recognized by your Committee. Positive efforts such as this proposal are a means to include disenfranchised citizens in the political process, while providing for the good of all Hawaii.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 983 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.  
(Representatives Andrews, Jones and Liu did not concur.)

SCRep. 239      Judiciary on H.B. No. 708

The purpose of this bill is to amend Chapter 231, Hawaii Revised Statutes, by making it a felony for anyone who intentionally makes a false or fraudulent tax return or statement in a return or evades or attempts to evade any taxes, or deceives or attempts to deceive the department of taxation with respect to any tax. The bill will also make it a misdemeanor for anyone who fails to file a tax return.

Presently, the failure to file a return and making a false or fraudulent return are misdemeanors.



This bill will reclassify certain violations of our tax laws relating to tax returns. Where fraud is involved, the violation will constitute a felony, with a fine not to exceed \$5,000 or imprisonment of not more than five years. An individual who makes a false return without intent to defraud the State or fails to file a return will be guilty of a misdemeanor.

The department of taxation spoke in support of the bill stating that it will strengthen their ability to enforce the tax laws.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 708 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 240      Judiciary on H.B. No. 694

The purpose of this bill is to create a special fund administered by the Attorney General to pay for the costs of investigation and prosecution of actions brought under state organized crime statutes.

Under present law all property seized in accordance with Chapter 842, Hawaii Revised Statutes, is forfeited to and disposed of by the State.

Your Committee heard testimony submitted by the Attorney General in support of this bill. The testimony stated that many states have a provision for the recovery of investigating and prosecuting costs in their organized crime statutes. The creation of an organized crime special fund composed of recovered expenses, will allow law enforcement agencies to aggressively investigate and prosecute crime.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 694 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 241      Consumer Protection and Commerce on H.B. No. 1261

The purpose of House Bill No. 1261 is to authorize the issuance of special purpose revenue bonds of the State of Hawaii in accordance with Chapter 39A, Part VI, Hawaii Revised Statutes, in an amount not to exceed \$9.4 million, for projects to be undertaken by Citizens Utilities Company (Kauai Electric Division).

In 1982, Kauai Electric obtained \$3.3 million in Special Purpose Revenue Bonds to cover construction projects for 1982, 1983 and 1984. These bonds were sold at an interest rate of 9 3/4 percent. Alternatively, through conventional financing, Kauai Electric would have incurred an interest cost of approximately 16.11 percent for a conventional taxable first mortgage bond. The 6.36 percent savings on \$3.3 million represented an annual interest savings of approximately \$210,000 and a total savings over the life of the bond issue of approximately \$6,300,000.

Your Committee received favorable testimony from the Department of Commerce and Consumer Affairs and the Kauai Electric Division of Citizens Utilities Company.

Your Committee finds that securing adequate funding at a reasonable interest rate for capital expenditures is a major concern to both the utility company and its ratepayers. Accordingly, special purpose revenue bonds will allow the utility company to construct needed facilities at a significantly lower cost which ultimately represents a savings for ratepayers.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 1261 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

## SCRep. 242 Consumer Protection and Commerce on H.B. No. 1186

The purpose of this bill is to amend section 294-39(a), Hawaii Revised Statutes, to provide that a person operating a motor vehicle without a valid no-fault policy shall cause the license of both the operator and/or registered owner to be suspended for 1 year.

Your Committee received favorable testimony from the Insurance Division of the Department of Commerce and Consumer Affairs, the Hawaii Academy of Plaintiff's Attorneys, the Hawaii Independent Insurance Agents Association, and the Hawaii Insurers Council.

Your Committee recognizes the seriousness of uninsured motorists and finds that imposing a 1 year suspension in addition to a fine of not less than \$100 nor more than \$1,000, will act as a deterrent to those persons who operate a motor vehicle without no-fault auto insurance.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 1186 and recommends that it pass Second Reading and be referred to the Committee on Judiciary.

Signed by all members of the Committee.

## SCRep. 243 Consumer Protection and Commerce on H.B. No. 1271

The purpose of this bill is to increase the amount contributed to the real estate education fund. Also, beginning July 1, 1987, this bill provides for a temporary moratorium on real estate renewal contributions if the real estate education fund balance exceeds \$1,200,000 at the end of any fiscal biennium.

In August 1984, the Real Estate Commission (REC) approved plans for a Hawaii Real Estate Research and Education Center. The Center, which would assume many of the educational functions currently being performed by the REC, and the real estate education fund would have an approximate budget of \$483,000.

Accordingly, the REC projects that with the addition of the Center, the real estate education fund will decline from \$1,000,000 to \$63,478. This projected depletion of the education fund is anticipated because of the disparity between the cost of the educational services offered to licensees and the proportion of fees that is contributed to the real estate education fund. With 22,278 licensees and an estimated projected budget of \$483,000, the cost of REC educational services for licensees amounts to \$21.68 per licensee per year. In contrast, for each new real estate license issued by the Department of Commerce and Consumer Affairs, only \$5 of the total \$50 license fee is deposited in the real estate education fund. Further, for each biennial renewal of a real estate license, only \$10 of the total \$50 license fee is deposited in the education fund.

Your Committee received favorable testimony from the REC and the Hawaii Association of Realtors.

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

(1) On page 1, line 6, the number "10" has been deleted and replaced with the number 20; and

(2) On page 1, line 9, again the number 10 has been deleted and replaced with the number 20;

Your Committee has made nonsubstantive changes to correct typographical errors as follows:

(1) On page 3, line 7, "is" has been corrected to read "his"; and

(2) On page 3, line 18, a space has been added between the month, day and year.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 1271, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1271, H.D. 1, and

be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 244      Consumer Protection and Commerce on H.B. No. 1275 (Majority)

The purpose of this bill is to provide civil service status to Public Utilities Commission assistants on the effective date of this Act.

Your Committee received testimony in favor of the bill from the Public Utilities Commission. The Commission testified that this bill would encourage the development of these positions, as well as provide continuity in the regulation of the utility industry.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 1275 and recommends that it pass Second Reading and be referred to the Committee on Finance.

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

SCRep. 245      Public Employment and Government Operations on H.B. No. 359

The purpose of this bill is to amend Chapter 90 of the Hawaii Revised Statutes, the State Policy on Volunteer Services by: (1) specifying that volunteers are employees of the State for purposes of Chapter 662, the State Tort Liability Act; and (2) incorporating a reference to part B of Chapter 386, the Workers' Compensation Law, into Chapter 90 to eliminate any perceived conflicts in the provisions contained in said chapters.

The first revision would make the State responsible for tortious acts committed by volunteers recruited by a State agency during the course of duty to the same extent as other State employees. And, the second revision would clarify the protection afforded to volunteers for injuries sustained while performing services for the State.

Your Committee received favorable testimony in support of the measure from the Administrative Director of the Courts.

The bill was amended to correct certain typographic, technical, and stylistic errors. However, no substantive changes were made.

Your Committee on Public Employment and Government Operations is in accord with the intent and purpose of H.B. No. 359, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 359, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Hemmings, Lardizabal, Menor, Nakasato and Souki.

SCRep. 246      Corrections and Rehabilitation on H.B. No. 1166

The purpose of this bill is to amend Section 353-22, HRS, to require the Department of Social Services and Housing to notify the victim's surviving immediate family member who has made written request for such notice. The bill further provides that notice shall be given to either the victim or surviving immediate family member, as the case may be, thirty days prior to commencement of the work furlough program, conditional release, or other such program.

The bill would basically expand the rights of victims to notification under present law to include surviving family members of homicide victims. Your Committee recognizes that surviving family members are psychologically victimized when a loved one is murdered, and may also be extremely concerned about the convicted person's whereabouts. This bill would insure that prison officials respond to requests for notification by surviving family members.

Your Committee also finds that some victims who have made written requests for notification have been notified about an inmate's release on the same day of release

because, under present law, there is no provision for advance notification. This situation is inconsistent with the apparent intent of the original act, which was to give victims advance notice so they could prepare for the eventual release of the prisoner. Therefore, your Committee has amended the present law to require advance notice to victims prior to release.

Your Committee has amended this bill by adding a new sentence to subsection (d), lines 1 to 4 of page 2, as follows: "The department may, in its discretion, give notice to the victim or witness counselor programs in the prosecuting attorney's office in the county where the victim or the surviving immediate family member resides." This amendment would assist the Department in contacting the victim or surviving family member when either cannot be located. Moreover, this would allow the Department to consider the sensitivities and safety of the victims or surviving family members.

Your Committee has further amended subsection (d), lines 11 to 13 of page 2, by adding a new paragraph stating: "surviving immediate family members mean surviving grandparents, parents, siblings, spouse, children, and any legal guardian of the victim." Your Committee believes that this paragraph is necessary to clarify the group of individuals who would be entitled to notification.

Your Committee on Corrections and Rehabilitation is in accord with the intent and purpose of H.B. No. 1166, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1166, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 247      Ocean and Marine Resources on H.B. No. 840

The purpose of this bill is to help stimulate the growth of Hawaii's fishing and aquaculture industries by exempting the export of all fish and fish and ocean products from the general excise tax.

While supporting the intent of the bill, the Department of Land and Natural Resources recommended that the bill be amended by limiting the time of such tax relief to a fixed period--perhaps five years--in order to reevaluate the effectiveness of this exemption. The Department of Taxation opposed the bill on the grounds that such a relief measure would erode the basis for general excise tax basis.

While your Committee is cognizant of the importance of preserving the strength of the general excise tax basis, your Committee is also of the opinion that our fishing and aquaculture industries cannot develop to their maximum capacity so long as they remain at a disadvantage with other states due to the imposition of the general excise tax on their export activities.

Your Committee has amended this bill by adding a new sentence at the end of item 22 on page 9, repealing the effectiveness of item 22 five years following its enactment into law.

Your Committee on Ocean and Marine Resources is in accord with the intent and purpose of H.B. No. 840, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 840, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Pfeil and Tam.

SCRep. 248      Ocean and Marine Resources on H.B. No. 1018

The purpose of this bill is to increase the effectiveness of the Hyperbaric Treatment Center in treating "bends" victims and other patients by appropriating funds to make the large sized "Good Samaritan" hyperbaric chamber operational.

Your Committee finds that at the present time, the Hyperbaric Treatment Center treats patients with dysbaric problems ("bends" and embolism) in its recompression chamber. Your Committee further finds that the recent acquisition of the larger, more flexible "Good Samaritan" chamber can provide multiple treatments which

would, in turn, generate increased revenues and move the Center closer to becoming a self-supporting facility. However, additional funds are needed to activate this chamber.

Testimonies from the Hyperbaric Treatment Center and the Department of Planning and Economic Development supported passage of this bill. Your Committee agrees with the recommendation of the Hyperbaric Treatment Center to specify how the funds will be expended. Accordingly, your Committee has amended this bill by inserting the phrase "for plans, design, and construction purposes" to line 6 of page 1 of the original bill. Your Committee has further amended this bill by inserting a new Section 1 to emphasize the importance of making the "Good Samaritan" chamber operational. Finally, your Committee has also made some technical, non-substantive amendments to this bill for purposes of style and clarity.

Your Committee on Ocean and Marine Resources is in accord with the intent and purpose of H.B. No. 1018, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1018, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Pfeil and Tam.

SCRep. 249      Ocean and Marine Resources on H.B. No. 1026

The purpose of this bill is to support the operations of the hyperbaric treatment facilities by appropriating funds for this purpose.

Your Committee received testimony from the Hyperbaric Treatment Center and the Department of Planning and Economic Development recommending passage of this bill. According to the Department, if the Hyperbaric Treatment Center can obtain some State funding for the biennium along with some capital improvement project funding, the Center will be well on its way to being totally self-supporting in the near future.

Your Committee supports the intent of H.B. No. 1026 and has, therefore, amended the bill by inserting \$60,000 to line 2 of Section 1.

Your Committee on Ocean and Marine Resources is in accord with the intent and purpose of H.B. No. 1026, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1026, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Pfeil and Tam.

SCRep. 250      Ocean and Marine Resources on H.B. No. 1187

The purpose of this bill is to support the Oceanic Institute's shrimp research program by providing State funds equivalent to ten per cent of the funds granted by the United States Department of Agriculture.

The Departments of Planning and Economic Development and Land and Natural Resources recommended that the bill be amended to name the Department of Land and Natural Resources as the expending agency because that department is the lead agency for aquaculture and has the staff and expertise to monitor programs of this kind.

Your Committee is in agreement that there is a need to demonstrate State support of the shrimp research program at the Oceanic Institute by providing an additional ten per cent of the federal funds granted.

Your Committee has amended this bill by deleting the Department of Planning and Economic Development as the expending agency and naming the Department of Land and Natural Resources as the expending agency.

Your Committee has also made some technical, non-substantive amendments to the bill for purposes of style and clarity.

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

purpose of H.B. No. 1187, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1187, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Pfeil and Tam.

SCRep. 251      Higher Education and the Arts and Ocean and Marine Resources on  
H.B. No. 733

The purpose of this bill is to appropriate \$498,000 for the fiscal biennium 1985-1987 to fund the activities of the UH Sea Grant College Program. The mission of the Sea Grant Program is to promote research, extension and education activities throughout the State.

Testifying in favor of the bill were the Sea Grant Administration, faculty and the DPED. The Sea Grant Director pointed out that the funds requested are essential to securing matching Federal funds, and that the University's competitive position is enhanced by the State's enthusiasm and financial support of the Program. Another major concern was the upcoming recertification review of the University's Program; in addition to assessing the quality and standards of the program, the recertification team will examine the record of support the University and the State have given Sea Grant.

The DPED supports the efforts of Sea Grant, and prior to 1981, was the primary source of State funds through its Marine Affairs Office. Because of a reduction in funds, and the elimination of the office of Marine Affairs Coordinator, DPED's current level of support is one-third that of the 1980 level. The DPED stated further that while they will continue to fund a limited number of high priority projects, they encouraged Sea Grant to seek a direct State appropriation to provide a stable base with which to carry out their programs.

Your Committees on Higher Education and the Arts and Ocean and Marine Resources are in accord with the intent and purpose of H.B. No. 733 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committees except Representative Tam.

SCRep. 252      Judiciary on H.B. No. 1659

The purpose of this bill is to provide for certain rights of victims and witnesses in criminal proceedings by declaring such rights and also to establish a penalty assessment program for deposit into the criminal injuries compensation fund.

This measure creates a new chapter in the Hawaii Revised Statutes dedicated solely to the rights of victims and witnesses in criminal proceedings. A major portion of the proposed chapter provides for a bill of rights for victims and witnesses. It further calls for intergovernmental cooperation and a victim/witness assistance unit for each county. Finally, the bill establishes a penalty assessment program in which any person who pleads nolo contendere or guilty, or is found guilty of any crime shall be assessed for their crime in addition to any other penalty or fine imposed by law. Revenues generated under this part shall be deposited into the criminal injuries compensation fund.

Your Committee heard testimony from the County of Hawaii Prosecuting Attorney, the Victim/Witness Kokua Services, and the Honolulu Police Department in support of this bill.

Your Committee has adopted the recommendations of all three testifiers by accepting the following recommendations: (1) that a definition of "major developments" be included; (2) that the proposed chapter apply only upon written request to victims and their surviving immediate family members; (3) that specific programs and offices be responsible for carrying out the various provision of Section -4; (4) that a separate waiting area be provided by the court rather than a secure waiting area; and (5) that subsection (8) of Section -4 be deleted.

While your Committee recognizes that victims and witnesses of crime are the backbone of our criminal justice process, your Committee believes that at this time it is of utmost importance to protect the rights of victims of crimes. Therefore



your Committee has amended this bill to provide a permanent means of support for victims by mandating that certain rights be assured them.

Your Committee has also made some technical, nonsubstantive amendments to this bill for the purposes of style and clarity.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 1659, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1659, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 253      Consumer Protection and Commerce on H.B. No. 1056

The purpose of this bill is to amend chapter 431, Hawaii Revised Statutes, by adding a new section to provide for the establishment of a revolving fund to be used by the Insurance Commissioner of the State to contract independent insurance examiners.

The Insurance Commissioner of the Department of Commerce and Consumer Affairs, and the Hawaii Independent Insurance Agents Association testified in support of the bill. The Insurance Commissioner testified that present staffing of two insurance examiners precludes the Division from performing the required examinations of domestic insurance companies, as well as discretionary examinations, and that the revolving fund will provide the flexibility to hire independent examiners.

The bill provides that each insurer will deposit the sum of two hundred dollars for credit to the insurance examiners revolving fund. Your Committee has amended the bill to delete the provision which requires the Insurance Commissioner to return the deposit if the insurer ceases to transact insurance business in the State.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 1056, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1056, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 254      Consumer Protection and Commerce on H.B. No. 497

The purpose of this bill is to establish a Board of Physical Therapy within the Department of Commerce and Consumer Affairs.

This bill would provide the following:

- (1) The formation of a Board of Physical Therapy which would regulate the industry;
- (2) Provide permanent, temporary and reciprocal licensing of physical therapists; and
- (3) Move the administrative assignment from the Department of Health to the Department of Commerce and Consumer Affairs.

Your Committee received favorable testimony from the Hawaii Chapter of the American Physical Therapy Association, the Department of Commerce and Consumer Affairs, the Physical Therapy Department of the Kapiolani Women's and Children's Medical Center, the Medical Director of the Physical Therapy Department at Straub Clinic and Hospital, Inc., the Department of Health, and practicing physical therapists and physicians.

Testimony in opposition was received from the Hawaii State Chiropractic Association. The Association's concern was that physical therapists as the language reads would be the only ones permitted to perform those procedures which comprise what is commonly known as physical therapy.

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

- (1) On page 4, lines 19-20, the following language has been deleted: "perform physical therapy or physical therapy services.";
- (2) On page 6, line 14, the word "shall" has been changed to read "may";
- (3) On page 6, line 15, the word "recommendation" has been inserted between "a" and "list";
- (4) On page 6, lines 17-22 and page 7, lines 1-3, the full sentences have been deleted;
- (5) On page 7, subsections (d) and (e) have been deleted;
- (6) On page 7, subsection (f) has been amended to read (d);
- (7) On page 8, subsection (b)(5) has been deleted and replaced with the following language: "Enforce this chapter and the rules adopted pursuant thereto; and";
- (8) On page 9, line 8, the following language has been inserted after the word board: "or an examination administered by a testing agency selected by the board.";
- (9) On page 12, a new subsection (a)(11) has been added as follows: "Violation of this chapter or the rules adopted pursuant thereto."; and
- (10) On page 13, lines 5 and 6, the following language has been deleted: "any provision of this chapter shall be guilty of a misdemeanor." and the following language has been added in its place: "or fails to comply with any of the provisions of this chapter shall be fined not more than \$1,000 for each violation."; and
- (11) A new section 6 has been created which will appropriate \$40,000 from the general fund to provide for an executive secretary and licensing clerk to support the new board in the Department of Commerce and Consumer Affairs.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 497, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 497, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 255      Transportation on H.B. No. 1438

The purposes of this bill are: 1) to improve the State's transportation network and to facilitate commercial activity by establishing a Hawaii Island Transportation Authority; and 2) to appropriate \$100,000 for fiscal year 1985-1986 to establish this Authority.

Your Committee finds that the County of Hawaii is a major exporter of papaya, flowers and foliage in the State. However, a decrease in the frequency of direct mainland flights to Hilo has necessitated the transport of products to mainland destinations via Honolulu which has proved to be very costly.

Your Committee received testimony from the Department of Transportation, the Department of Planning and Economic Development, the Department of Research and Development of the County of Hawaii, and Mr. Len Tubb favoring this bill. Presently, Honolulu International Airport serves as the State's air cargo center; however, increases in population and other related pressures have lessened the availability of land on Oahu within close proximity to the airport. The availability of land in the County of Hawaii located near existing air transportation facilities makes the County of Hawaii an excellent site for the development of an air cargo center. Sixty-two acres of land located in East Hawaii owned by the Department of Transportation is being considered as a prospective site for the establishment of such an air cargo center.

Your Committee on Transportation believes that it is likely that a quasi-public authority may be the best means to establish such an air cargo center. However,

your Committee on Transportation believes that further study on the feasibility of establishing a Hawaii Island Transportation Authority is necessary and has amended the bill to require further study prior to the establishment of such an authority.

Your Committee has made the following amendments to the bill: 1) Replacing the sentence of Section 1 of the bill at page 2, line 18 through page 3, line 2 with two sentences reading: "The legislature finds that the establishment of an air cargo center and related industries on the island of Hawaii requires a level of planning, coordination and financing that necessitates public involvement and assistance. It is the belief of the legislature that this assistance could be provided through a public body in the nature of a transportation authority for the island of Hawaii."; 2) Inserting a new sentence in Section 1 of the bill as amended at page 3, lines 2 through 6 to read: "The legislature finds that it is in the public interest to cause a study to be conducted to assess the feasibility of the establishment of a Hawaii Island Transportation Authority to accomplish these important public goals."; 3) Inserting a new Section 2 to include the appropriation of the sum of \$100,000 for fiscal year 1985-1986, to be used by the Department of Planning and Economic Development for the purpose of conducting a study to assess the feasibility of the establishment of a Hawaii Island Transportation Authority; 4) Deleting Section 2 and 3 of the bill as originally referred to your Committee; 5) Inserting a new Section 3 to make the \$100,000 allocation contingent upon a provision of \$50,000 in matching funds by the County of Hawaii; and 6) Inserting a new Section 4 making the Department of Planning and Economic Development the expending agency.

Your Committee on Transportation is in accord with the intent and purpose of H.B. No. 1438, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1438, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 256      Transportation on H.B. No. 1393

The purposes of this bill are: 1) to delete the present \$3,000 allocation of funds to each unit of the Hawaii Wing of the Civil Air Patrol (CAP); 2) to allow the purchase of fuel, oil and equipment not otherwise provided to the CAP by the United States Government; and 3) to allow assistants to the adjutant to perform certain administrative and fiscal duties.

Your Committee received testimony from the Kauai unit of the CAP in opposition to removing the \$3,000 minimum allocation for each unit. However, your Committee also received testimony that not all monies allocated to each unit of the Hawaii Wing are expended.

Your Committee finds that with the increase in aviation and Civil Defense activities throughout this State there is a need to maintain the effectiveness of the air rescue operations of the CAP. The Committee recommends that additional funding from the State general fund be considered in supporting Civil Defense activities of the CAP. It is estimated that if the State of Hawaii were to provide aviation rescue activities similar to those provided by the CAP, the cost would be approximately eight to ten times the current CAP budget of \$100,000. It is recognized and acknowledged that utilization of volunteer pilots, aircraft, aircraft crews, ground crews and rescue crews are cost-effective.

Your Committee has, therefore, made the following amendments to this bill:

1) In Section 261-6, Hawaii Revised Statutes, at Section 1, page 1, lines 7 through 10, the \$3,000 minimum allocation to each Civil Air Patrol unit of the Hawaii Wing meeting minimum requirements established by national headquarters has been retained;

2) In Section 261-6, Hawaii Revised Statutes, at Section 1, page 2, a new subsection (d) was inserted to enable CAP units to transfer funds to the Hawaii Wing CAP headquarters for expenditure and disbursement, enabling the Hawaii Wing to carry out its missions.

3) In Section 261-6, Hawaii Revised Statutes, at Section 1, page 2, a new subsection (e) was inserted to further clarify the unit's authority to expend funds on operations, administration, repairs, maintenance, supplies and equipment not

otherwise provided by other agencies, and except for personal items, in carrying out their missions.

4) In Section 261-6, Hawaii Revised Statutes, subsections (d), (e), and (f) have been amended to read (f), (g), and (h), respectively.

Your Committee made other technical amendments to conform the bill to accepted bill drafting style.

Your Committee on Transportation is in accord with the intent and purpose of H.B. No. 1393, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1393, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 257      Health and Water, Land Use, Development and Hawaiian Affairs on  
H.B. No. 527

The purpose of this bill is to make an appropriation to fund pilot studies which are required prior to the undertaking of a full-scale study of cancer in Hawaiians.

The bill appropriates the sum of \$100,000 for fiscal year 1985-86, for preliminary studies which will be conducted by the Cancer Research Center of Hawaii. The sum appropriated is to be expended by the office of Hawaiian Affairs for the purposes of this bill, and that office shall submit a report on the program to the legislature prior to the convening of the sessions of 1985 and 1986.

Testimony was presented indicating that Hawaiians have the highest incidence of cancer in the United States among all ethnic groups. This represents a serious and major health problem for our State. This issue has been recognized at the national level, but before a more substantial, long-term support for a full study of the problem can be made, the necessary research and appropriate prevention programs must be developed locally.

The appropriation made by this bill will permit the local Cancer Research Center to carry out the critical first steps in the research effort which will, then, enable the Center to make a strong presentation to the National Cancer Institute for a commitment for much larger sums. Such a commitment would mean that a future large-scale research program would be funded by the federal government through the National Cancer Institute.

Your Committees concur with the views expressed and agree that the appropriation made in this bill are appropriate and desirable. Your Committees, however, believe that the Office of Hawaiian Affairs should not only be involved in the administration of the funds but should also show its own commitment and involvement in this project dealing with the Hawaiian people by making a contribution of its funds. A representative of the Office of Hawaiian Affairs agreed that this would be appropriate and would have the Office do so, subject to the approval of its board of trustees and subject to a favorable ruling of the attorney general.

This bill has been amended to reflect the foregoing. A further amendment was made to require the Office of Hawaiian Affairs to submit its report to the legislature prior to the convening of the 1986 and 1987 sessions and not 1985 and 1986 as indicated in the bill.

Your Committees on Health and Water, Land Use, Development and Hawaiian Affairs are in accord with the intent and purpose of H.B. No. 527, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 527, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committees except Representative Tam.

SCRep. 258      Health on H.B. No. 1329

The purpose of this bill is to require the screening of all pregnant women to determine whether they are carriers of hepatitis B and to treat the newborn infants of carrier mothers.

Testimony was presented by a noted epidemiologist that type B hepatitis is a major public health problem in most countries of the world with about 5% of the world population being asymptomatic hepatitis B virus carriers. In the United States, each year about 200,000 infections occur, and, of these, 50,000 have clinically recognizable hepatitis with jaundice. About 10,000 may require hospitalization and about 10,000 to 20,000 will become hepatitis B virus carriers. There is evidence that chronic carriers develop cirrhosis and primary hepatocellular carcinoma and about 4,000 of them will die of hepatitis B virus related cirrhosis and about 800 will die of hepatitis B virus related cancer of the liver.

Testimony was also given to indicate that there are estimated to be over 12,000 hepatitis B virus carriers in the State of Hawaii. This number represents a much higher rate than that which occurs on the mainland, primarily because the incidence of hepatitis B virus occurrence is very high in many of the South Pacific islands and in Southeast Asia, areas with which Hawaii has significant contact.

One of the basic concern of the supporters of this bill is that infants born to mothers infected with hepatitis B virus infection are very likely to become chronic carriers of the virus and may go on to develop liver disease, cirrhosis, and even liver cancer. Thus, maternal screening and the management of infected mothers and their newborn infants should be important functions in high risk states such as Hawaii.

The department of health testified in support of the bill but recommended that several amendments be made, and submitted specific figures to indicate the amounts which should be appropriated to carry out the purpose of the amended bill. Your Committee amended the bill accordingly.

As amended, the bill now provides, in effect, as follows: (1) the department of health may adopt rules necessary to provide appropriate hepatitis B screening of pregnant women, including reporting and followup procedures for newborns of hepatitis B carrier mothers, and, in addition, the department may provide the medications necessary for the treatment of the newborns; (2) the sum of \$187,285 and the sum of \$190,085 appropriated for fiscal years 1985-86, and 1986-87, respectively; and (3) the sums appropriated shall be expended by the department of health for the purposes of the Act.

The amended bill also provides that the Act shall take effect on July 1, 1985, and shall remain in effect for two years only, at the end of which time it shall automatically terminate unless extended by appropriate action of the legislature.

Your Committee concurred with the positions to those who are in support of the bill and the amendments proposed by the department of health. However, some members of your committee expressed their concern about the apparent delay in first instituting the screening program. Also, your Committee further expressed its concern that there could be a dangerous delay in implementing the provisions of this amended bill and urged the department of health to act as quickly as possible to develop the necessary rules to insure that the screening and treatment programs are carried out without interruption.

Your Committee on Health is in accord with the intent and purpose of H.B. No. 1329, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1329, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 259      Health on H.B. No. 1412

The purpose of this bill is to provide funds for the enhancement and facilitation of the development of the mental health and substance abuse system approach mandated in Act 218, Session Laws of Hawaii 1984. Act 218 provided for the coordination and delivery of a comprehensive spectrum of mental health and substance abuse services to the people of Hawaii.

Specifically, this bill appropriates the sum of \$5,200,000 for fiscal year 1985-86, for prevention, crisis, outpatient and residential alcohol, drug abuse, and mental health services. Of this sum \$2,650,000 is to be expended for drug and alcohol services and \$2,550,000 is to be expended for mental health services.

The department of health presented testimony showing that, based on the department's epidemiological survey of alcohol, drug abuse, and mental health needs, it is estimated that 209,000 individuals in Hawaii are in need of services. The department further presented testimony indicating that the funding proposed under this bill would provide the department with 20% of the funding support still required towards implementing an adequate system of providing mental health and substance abuse services. The department, therefore, urged the passage of this bill.

Especially with respect to the problem of mental health, testimony was presented urging the passage of this bill on the basis that it would further support those services which make it possible for the mentally ill to be cared for in the community. It was also indicated that research findings show that rehabilitation of the mentally ill can occur more successfully if persons remain in the community rather than in in-patient facilities, and furthermore, that community care is cost-effective.

Your Committee concurs that the purpose of this bill is a sound one, but it feels that the sizable amount of the appropriation makes it difficult for the Committee to make a determination of whether, within the total fiscal and budgetary constraints of the State, the requested appropriation is reasonable and should be approved. Your Committee, thus, feels that the determination of that point should be made by the Committee on Finance which is better equipped to do so.

Your Committee on Health is in accord with the intent and purpose of H.B. 1412 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 260      Health on H.B. No. 1439

The purpose of this bill is to permit the county of Hawaii to contract with a private corporation for the management of Hilo Hospital, and, as an alternative to transfer or lease, the governor may contract for the management, operation, and maintenance of Hilo Hospital with a private corporation or lease the hospital.

The mayor of the county of Hawaii testified in favor of the bill but stressed that the county is in no position to guarantee the financial obligations of the private corporation and should not be made to do so.

Your Committee believes that it would be appropriate for either the county of Hawaii, in the event of a transfer to it of Hilo Hospital, or the governor, to contract for the management, operation, and maintenance of Hilo Hospital with a private corporation as against a private, nonprofit corporation as now called for in the statutes.

Your Committee on Health is in accord with the intent and purpose of H.B. No. 1439 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 261      Health on H.B. No. 1125

The purpose of this bill, as written, is to make an appropriation for emergency room services at Waianae coast comprehensive health center, Oahu, for fiscal year 1985-86.

The Waianae Health Center currently provides emergency room service only between the hours of 8:00 a.m. and midnight from Monday through Thursday. "Around-the-clock," twenty-four hour service is only available from midnight Thursday to 8:00 a.m. on Monday. The appropriation contained in this bill will permit the Waianae Health Center to operate a 24 hours per day emergency room service.

Testimony was received indicating that there are 35,000 people living on the Waianae coast who are without adequate emergency medical services. One of the reasons for the inadequacy of the emergency medical services is that the Waianae



coast is a medically underserved area having a low income socially disadvantaged population. In other words, because the economic base is not able to support them, private doctors and clinics have not prospered in Waianae. Without private doctors and clinics, the burden of providing emergency medical room service has fallen on the Waianae Coast Comprehensive Health Center.

The Center operates one of the busiest emergency rooms in the state, servicing approximately 42,000 cases annually, of which about 8,200 are emergency cases.

Your Committee has amended the bill to provide that the appropriation of \$147,000 shall be for each of the next two fiscal years. It is the view of the Committee, however, that the appropriation should be in the form of a grant-in-aid and should follow the process required by section 42-5(c), Hawaii Revised Statutes. The bill, therefore, has been amended to show that the appropriation is properly labeled as grant-in-aid.

Your Committee on Health is in accord with the intent and purpose of H.B. No. 1125, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1125, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 262      Health on H.B. No. 999

The purpose of this bill, as amended, is to establish a Hawaii State Hospital Corporation to manage, control, and operate health facilities; to establish a Hawaii health facilities building trust to arrange for the designing, development, financing, construction, and maintenance of health facilities and the leasing of the health facilities to the authority; and to establish a special fund for the construction or maintenance of health facilities.

The mayor of the County of Hawaii testified that a method of transferring hospitals out of the state system was needed. Such a method, he testified, should be one which does not put financial burdens on the counties. He further testified that he believes this amended bill will properly address the question of the transfer of state hospitals.

Under this amended bill, the hospital corporation will consist of a board of directors, general manager, legal counsel, administrators for each health facility, and necessary staff. The corporation shall be a body corporate and be placed within the department of health for administrative purposes.

The board of directors shall consist of nine directors appointed by the governor with the advice and consent of the senate for a term of five years. The director of health shall be an ex-officio, nonvoting director. There shall be one director who is a resident of each county, and the directors shall choose the officers.

The board shall have the power and duty, among others, to: (1) govern, control, and operate existing health facilities; (2) establish short-term lines of credit, or sell accounts receivables for working capital needs; (3) enter into contracts for the guaranty of services or for a program of services and facilities; (4) determine all personnel policies; (5) establish programs providing for prepaid insurance or prepaid payments for hospital, medical, and surgical services; (6) hire an administrator who is a qualified and certified hospital administrator for each health facility; (7) review, approve and submit operating and capital improvement programs for submission to the department of budget and finance and legislature; (8) contract for and receive an annual audit by a CPA firm; and (9) determine rates and fee schedules for all services which shall make the operations and programs of the health facilities self-supporting to the extent possible.

The bill, as amended, also requires that the authority shall acquire the use of a health facility through a lease agreement with the building trust and shall not construct any health facility.

The amended bill also establishes a Hawaii health facilities building trust which shall be under the control of three building trust trustees, one of whom shall be the director of finance and who shall serve as chairperson of the building trust. The other two trustees shall be appointed by the governor with the advice and consent of the senate for a term of five years. As with the members of the Cor-

poration, the trustees will receive \$150 for each meeting, provided that the total amount received by a trustee shall not exceed \$3,000 in a year, and also shall be reimbursed for expenses.

This amended bill authorizes the building trust to: (1) contract for the designing, developing, financing, constructing, maintaining, and leasing of health facilities; (2) determine the fair monthly lease rent for health facilities to be charged to the Corporation; and (3) to determine the fair monthly or annual lease rent for health facilities on the basis of the economic value of the facilities and the amortization of the debt for the construction of the health facilities.

The amended bill also establishes one revolving fund and one special fund for the purposes of the corporation which shall be called the Hawaii Hospital Corporation's revolving fund and the Hawaii health facilities authority special fund. The revolving fund shall be the fund from which the central services and administrative expenses shall be made. Further, expenditures for the operation, including lease payments, shall be made from the respective special fund and revenues generated from the health facility in the county shall be deposited into the respective special fund.

The director of finance, with the approval of the governor, may from time to time issue reimbursable general obligation bonds for the construction or maintenance of health facilities, and the authorization for the expenditure of general funds or general obligation bonds funds for the construction or maintenance of health facilities is expressly provided.

This amended bill also repeals certain sections of chapter 27 of the Hawaii Revised Statutes, which deal with state operation of hospitals, for the purpose of conforming existing statutory provisions with the provisions of this amended bill.

Your Committee on Health is in accord with the intent and purpose of H.B. No. 999, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 999, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 263      Public Employment and Government Operations on H.B. No. 108

The purpose of this bill is to amend Section 40-11, Hawaii Revised Statutes, to provide for the destruction of State warrants which have been paid and which bear the date three years prior to the date of destruction provided that microfilm copies of the warrants are made and maintained for a period of ten years.

Under present law the State must hold all warrants of the State which have been paid and which bear any date ten years prior to the date of destruction.

Your Committee is in agreement that this bill would reduce the cost of maintenance and the space requirements for the storage of physical warrants.

The Director of Finance submitted testimony recommending that the Director of Finance not be involved with the destruction of State warrants since the Director of Finance's responsibility as it relates to State warrants would be discharged after payment and delivery to the State Comptroller.

Your Committee adopted the recommendation of the Director of Finance by amending Section 1 of the bill by deleting the words "director of finance and" on line 4, page 1; and deleting the word "also" on line 15 page 1.

Your Committee on Public Employment and Government Operations is in accord with the intent and purpose of H.B. No. 108, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 108, H.D. 1, and be referred to the Committee on Finance.

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

## SCRep. 264      Public Employment and Government Operations on H.B. No. 440

The purpose of this bill is to amend sections 103-43 and 103-45, Hawaii Revised Statutes, relating to the mandatory purchase of Hawaii products, and public works contract specifications, respectively, to:

(1) provide that in any expenditure of public funds, a government agency review the purchase and design specifications with the intent of identifying equivalent, comparable, or substitutable Hawaii products that will fit the specifications; and

(2) require that in all public works projects, that equivalent, comparable, or substitutable Hawaii products shall be used.

Your Committee finds that the legislative intent of section 103-45, HRS, was to encourage and ensure that suitable Hawaiian-made products were utilized in public works projects in order to promote local business and economic opportunity, and lessen dependence on imports. Purchase of such suitable products were to be mandatory so long as the products were available and met the price qualifications.

Your Committee also finds, however, that when specifying products for a given public works project, architects and designers may not always be fully aware of all products on the Hawaii Products List, and may inadvertently overlook their inclusion. Once the specification is put out, it is extremely difficult to have it changed.

Your Committee, therefore, is of the opinion that a review of purchase and design specifications would help eliminate any such oversights. Your Committee, however, has amended Section 1 of this bill by deleting the proposed qualifying language "equivalent, comparable, or substitutable" since any products meeting the specifications of a contract would by nature be either equivalent, comparable or substitutable.

Your Committee has also found that the proposed amendment to section 103-45, HRS, would require the use of a Hawaiian-made product found to meet the minimum specification regardless of its price. This is not consistent with the intent of the original legislation wherein such preferential treatment is not to be granted to those products that exceed a predetermined cost of comparable non-Hawaiian products. Your Committee, therefore, has deleted Section 2 of this bill.

Your Committee has also renumbered Sections 3 and 4 of the original bill as new Sections 2 and 3 respectively.

Your Committee on Public Employment and Government Operations is in accord with the intent and purpose of H.B. No. 440, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 440, H.D. 1, and be referred to the Committee on Finance.

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

## SCRep. 265      Public Employment and Government Operations on H.B. No. 107

The purpose of this bill is to amend sections 40-56 and 40-57, to provide flexibility in issuing State payments by expressly authorizing certification of bills for advance payment or deposit when specified in the related purchase order or contract.

Current law does not expressly provide for advance payment or deposit. Your Committee finds that, while the current requirements that payment be made only after work has been performed or goods have been received can be applied in the majority of cases, there are instances in which an advance payment or a deposit is necessary or appropriate or is the common business practice. To illustrate, it is a common business practice for insurance premiums to be paid in advance, or a deposit might be required by the manufacturer when equipment or materials are ordered that have to be specially manufactured or modified to meet qualified design requirements.

Your Committee received favorable testimony from the Department of Accounting and General Services. However, the Department noted a potential need, in connec-

tion with non-contract payments, for some degree of monitoring to assure that expending agencies do not make payments on an advance basis excessively.

As a result, your Committee has amended section 1 of this bill by amending section 40-56, Hawaii Revised Statutes, to provide for the approval of the State comptroller for any non-contract advance payments to be made. The bill has also been amended to correct certain technical and stylistic errors.

Your Committee on Public Employment and Government Operations is in accord with the intent and purpose of H.B. No. 107, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 107, H.D. 1, and be referred to the Committee on Finance.

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

SCRep. 266      Public Employment and Government Operations on H.B. No. 931

The purpose of this bill is to amend portions of Chapter 77, Hawaii Revised Statutes, to accord voting rights to representatives of the State of Hawaii Organization of Police Officers (SHOPO), the Hawaii Firefighters Association, the Hawaii Government Employees Association (HGEA), and the United Public Workers (UPW) in the biennial review of the white collar and blue collar compensation plans. Currently, employee representatives may attend and participate in the deliberation. However they may not vote.

Testifying in favor of the bill was a representative from the HGEA. Also testifying was the Director of Personnel Services, who pointed out a drafting error.

As a result, your Committee has amended section 2 of the bill to reflect the correct statutory section to be revised in the Ramseyer format. In addition, the reference to police and firefighter unions along with reference to HGEA and UPW has been amended to recognize the official names of the police and firefighter collective bargaining representatives--the State of Hawaii Organization of Police Officers and the Hawaii Firefighters Association, respectively.

Your Committee in noting more cautionary testimony further amended the bill to reflect a "trial period" for the inclusion of the employee representatives in the repricing conference for two repricing cycles. In short, it is intended that the inclusion of these employee representatives be effective for the upcoming 1985 and 1987 review processes. Therefore, your Committee has further amended the bill so that if approved, it would take effect on July 1, 1985, and be repealed on October 15, 1987.

In addition, a severability clause has been added to the bill to protect the integrity of Chapter 77, Hawaii Revised Statutes. The bill has also been amended to correct certain typographic, technical, and stylistic errors.

Your Committee on Public Employment and Government Operations is in accord with the intent and purpose of H.B. No. 931, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 931, H.D. 1, and be referred to the Committee on Finance.

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

SCRep. 267      Public Employment and Government Operations on H.B. No. 358

The purpose of this bill is to provide workers' compensation protection to unpaid volunteer deputy sheriffs who are subject to risk and who may be injured in the line of duty.

After receiving favorable testimony in support of the bill from the Administrative Director of the Courts, your Committee received testimony from the Chairperson of the Department of Land and Natural Resources. The Chairperson indicated his support of the measure, and also recommended revisions to include volunteer conservation and resources enforcement officers attached to the Department due to the similarity in volunteer status and risk involved in the line of duty.

Your Committee is in agreement with those suggested revisions, and as a result, wherever appropriate has inserted along with the statutory revisions concerning volunteer deputy sheriffs the phrase, "and volunteer conservation and resources enforcement officers". In addition, subsection (a) of Section 386-181 has been amended with the inclusion of a definition of volunteer conservation and resources enforcement officer, describing said officers as "a member of the authorized volunteer enforcement force of the division of conservation and resources enforcement."

Your Committee has also made some technical non-substantive revisions to the bill for purposes of style and clarity.

Your Committee on Public Employment and Government Operations is in accord with the intent and purpose of H.B. No. 358, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 358, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 268      Public Employment and Government Operations on H.B. No. 306

This bill would afford session employees of the Legislature the opportunity to: (1) gain membership in the State Employees' Retirement System; and (2) enroll in the Hawaii Public Employees Health Fund.

Testimony from the Administrator of the Hawaii Public Employees' Health Fund (Health Fund) indicates that under the current law, State and county employees who are employed for at least 3 months, and whose employment is at least one-half of a full-time equivalent position are eligible for Health Fund benefits. The bill, as received by your Committee, does not contain a similar minimum employment requirement for session employees prior to the receipt of benefits, creating an apparent inequity in the award of benefits.

As a result, your Committee has amended Section 87-1(5)(B)(v) with the inclusion of the phrase "employed for less than 3 months and . . ." to cure the apparent inconsistency with other existing statutory provisions.

Further your Committee also received testimony from the Secretary of the Employees' Retirement System (System) indicating that if session employees were included in the System's membership, it would take 4 legislative sessions to equal 1 year of credited service since a session employee is employed for a limited three month duration. In short, a session employee in this situation would have to work for 40 legislative sessions prior to becoming a vested member of the noncontributory retirement plan. Also, the Secretary indicated that inclusion into the System may discourage retired System employees from accepting legislative positions as the retirement benefits of these individuals would have to be suspended during their session tenure.

As a result, Section 2 of the bill which would have amended Section 88-21 of the Hawaii Revised Statutes has been deleted in its entirety.

Your Committee has also made some technical, non-substantive revisions to the bill for purposes of style and clarity.

Your Committee on Public Employment and Government Operations is in accord with the intent and purpose of H.B. No. 306, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 306, H.D. 1, and be referred to the Committee on Legislative Management.

Signed by all members of the Committee.

SCRep. 269      Public Employment and Government Operations on H.B. No. 974

The purpose of this bill is to amend portions of Chapter 89-9, Hawaii Revised Statutes, so that the salary ranges and the number of incremental and longevity steps now provided by law may be negotiated between the public employers and the union.

Testifying in support of the bill were representatives from the Department of Civil Service of the City and County of Honolulu, the Hawaii State Teachers Asso-

ciation, and the Hawaii Government Employees Association. However other agencies and organizations testifying were more cautious in their recommendations.

As a result, your Committee recommends a "trial period" for the inclusion of salary ranges, and incremental or longevity steps into the bargaining process. It is intended that the inclusion of these specific items into collective bargaining negotiations be done for one round of negotiations, and be in place for upcoming negotiations for the July 1, 1987 agreements.

Therefore, your Committee has amended the bill so that if approved, it would take effect on July 1, 1986, and be repealed on June 30, 1987. In addition, a severability clause has been added to the bill to protect the integrity of Chapter 89, Hawaii Revised Statutes.

The bill was further amended to correct certain typographic, technical, and stylistic errors for purposes of style and clarity.

Your Committee on Public Employment and Government Operations is in accord with the intent and purpose of H.B. No. 974, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 974, H.D. 1, and be referred to the Committee on Finance.

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

SCRep. 270      Public Employment and Government Operations on H.B. No. 1244

The purpose of this bill is to transfer the functions and staff of the Hawaii Institute for Management and Analysis in Government from the Department of Budget and Finance to the Department of Personnel Services.

The Director of the Department of Personnel Services testified in support of the basic intent of the bill to transfer the functions and staff of the HIMAG from the Department of Budget and Finance to the Department of Personnel Services, but he expressed concern about retaining the division status of HIMAG because two division chiefs could be placed in competitive, conflicting, and adversarial roles as they carry out their respective training responsibilities. Mr. Takushi acknowledged, however, that the transfer of HIMAG can be quite beneficial and cost effective.

Your Committee, while being appreciative of Mr. Takushi's concern about possible conflicting and competitive roles between HIMAG and the existing Training and Safety Division in his department, believes that the advantages of the organizational change far outweigh the potential problem of conflicting roles. The transfer will relocate in-service training functions in a single agency, eliminate duplicating and overlapping activities between two state departments, and facilitate the conduct of in-service training in more efficient and cost effective manner. Moreover, the transfer will remove the uncertainty about the status of the affected personnel at HIMAG.

Your Committee on Public Employment and Government Operations is in accord with the intent and purpose of H.B. No. 1244 and recommends that it pass Second Reading and be referred to the Committee on Finance.

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

SCRep. 271      Consumer Protection and Commerce on H.B. No. 487

The purpose of this bill is to amend the Hawaii Revised Statutes by adding a new chapter to provide for the establishment of a Board of Acupuncture in the Department of Commerce and Consumer Affairs to regulate and control the practice of acupuncture.

Your Committee heard testimony in favor of the bill from the Department of Commerce and Consumer Affairs, the American Association of Acupuncture, The Hawaii Business League, the Hawaiian Society of Naturopathic Physicians, practicing acupuncturists and students in acupuncture.



Your Committee, upon due consideration, has amended the bill as follows:

1. Added to Section -2, Definitions, the definition for "Board".
2. Provided that students who started training in a school or tutorship program approved by the Board prior to December 31, 1984 and who shall complete their training by December 31, 1989, or students who met the requirements for examination and licensure as provided in administrative rules in effect on December 31, 1984 (provided the school or tutorship program has not altered its program to lower the standards for completion), shall not lose their rights to licensure.
3. Revised the qualifications for examination by requiring training in the science of acupuncture of not less than 3 academic years and 1 clinical year for a total of not less than 1,500 hours. Also, tutorships approved by the Board prior to December 31, 1984 shall be acceptable for examination.
4. Amended the powers of the Board to include the preparation, administration and grading of examinations and also to provide that the Board may contract with a testing agency to provide such services.
5. Added a new section to provide for biennial renewal of licenses.
6. Amended the penalty section to authorize the Department of Commerce and Consumer Affairs to seek all legal and equitable remedies for the enforcement of the provisions of this Chapter, including seeking injunctive relief.
7. Revised the sunset provision to repeal this Chapter on December 31, 1988.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 487, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 487, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 272 Consumer Protection and Commerce on H.B. No. 1136

The purpose of this bill is to establish a new chapter to enable the formation of Captive Insurance Companies in Hawaii. The intent of this bill is to promote Hawaii as an international financial/insurance center.

During the 1983 legislative session, the State Legislature passed H.B. No. 1018, (Act 278, SLH 1983) which allowed the formation of International Banking Facilities (IBF's). Section 1 of that act states, in part, "The legislature hereby declares that Hawaii has grown to be a leading center for international commerce and finance in the Pacific. In recent years, however, this leadership has been challenged," and "The legislature believes that the establishment of IBF's in U.S. Banking offices will enhance the competitive position of banking institutions in the United States."

The Legislature is committed to building the infra-structure required to firmly cement Hawaii's position as a leader in the world financial markets. This bill is one more step towards that goal, and is complimentary to the earlier IBF legislation. Additionally, Hawaii will find itself as a unique resource to the Captive Insurance market with its natural ties to Asia. Clearly, competing locales such as Vermont and Tennessee (other states that allow formation of Captive Insurance Companies) cannot offer the affiliation Hawaii has long enjoyed with such markets in Japan, Hong Kong and Singapore.

Specifically, the major provisions of this bill would:

- (1) Allow the formation of "pure captives", "association captives" and "industrial captives";
- (2) Require all captives to be licensed by the Insurance Commissioner;
- (3) Establish capital and surplus requirements;
- (4) Provide the basis and procedure for suspending and revoking licenses;

(5) Allow captives to provide reinsurance;

(6) Provide that taxes paid shall be only for gross premiums and ad valorem property taxes, and further provide that the gross premium tax payable shall be equal to 20% of the required tax for the first year of operation, 40% the second year of operation, 60% the third year of operation, 80% the fourth year of operation and 100% the fifth and all subsequent years of operation; and

(7) Provide that the Insurance Commissioner shall adopt rules and regulations pursuant to the Administrative Procedures Act (Chapter 91, HRS).

Your Committee on Consumer Protection and Commerce, having held a public hearing and received testimony, is in accord with the intent and purpose of H.B. No. 1136 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 273 Consumer Protection and Commerce on H.B. No. 1376 (Majority)

The purpose of this bill is to prohibit producers or refiners of petroleum products or any subsidiary of a producer or refiner from selling petroleum products at the retail level.

This prohibition is designed in part to protect the retail service station operator. During the past few years, the number of retail gasoline stations have decreased drastically, while more 24-hour, self-service stations are being opened.

Your Committee received favorable testimony from the Hawaii Automotive and Retail Gasoline Dealers Association and the Service Station Dealers of Oahu. The Association testified that if the retail service station dealers are driven out of business, the current two and three tier system of retail sale of gasoline would be eliminated. Accordingly, a one tier monopoly with no service or repair facilities at self-service stations would not be in the best interest/or safety of the public.

Your Committee also received testimony from Chevron, U.S.A., Union Oil Company of California, Texaco, Inc., Aloha Petroleum, Inc. and Shell Oil Company in opposition to this bill. The opponents testified that this type of legislation is anti-competitive because such a controlled market would not allow the market to distinguish the efficient dealers, jobbers, distributors, chain merchandisers or salary operated stations from the inefficient ones. Also, it is anti-consumer because it removes competition from the market.

Your Committee agrees that if the self-service trend continues in Hawaii, there will be fewer jobs, fewer locations with repair facilities, and inconvenience for consumers unable to pump their own gasoline.

Your Committee, upon further consideration, has amended the bill by inserting an exemption provision for all manufacturers operating a major brand, secondary brand or unbranded retail service station before July 1, 1986.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 1376, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1376, H.D. 1, and be referred to the Committee on Judiciary.

Signed by all members of the Committee.  
(Representatives Andrews, Apo, Blair, Liu and Tom did not concur.)

SCRep. 274 Consumer Protection and Commerce on H.B. No. 1371

The purpose of this bill is to clarify that the full refund of moneys paid by a prospective purchaser under section 514A-62(c), Hawaii Revised Statutes, is not limited to \$250, and to clarify that the receipt form required by section 514A62(d), Hawaii Revised Statutes, is to be used for "Final Public Reports" issued by the Real Estate Commission.

Your Committee received favorable testimony from the Real Estate Commission and the Hawaii State Bar Association.

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

- (1) On page 2, line 12, brackets have been placed around the word "Preliminary," and the phrase "Public Report" has been inserted after the word "Final";
- (2) On page 2, line 13, the phrase "Public Report issued subsequent to the Final Report" has been inserted after the word "Supplementary", the words "Final" and "Report" have been deleted, and brackets placed around the phrase "Public Report(s)";
- (3) On page 2, line 19, the brackets were removed and the word "Report" was deleted;
- (4) On page 3, line 1, brackets were removed from "or Reports were" and the word "was" was deleted.
- (5) On page 3, line 12, brackets were removed from "Report(s)" and the word "Report" was deleted.
- (6) At the top of page 4, line 1, the following has been inserted before the word "right": "I will be considered to have executed this receipt and to have waived my right to cancel my purchase. I also understand that I can waive my". This phrase had been inadvertently omitted from the bill.
- (7) On page 4, lines 4 and 8, between the words "REPORT" and "AND", the following phrase has been inserted: "AND/OR THE SUPPLEMENTARY REPORT";
- (8) On page 4, line 12, the phrase "Public Reports" has been inserted between "Preliminary" and "and"; and
- (9) On page 4, line 13, the phrase "issued subsequent to a Preliminary Public Report but prior to a Final Public Report" has been inserted between the words "Reports" and "shall".

Your Committee finds that these amendments are required to clearly address the situation where a Supplementary Report is received by a prospective purchaser after receiving the Final Report. The concern was that the prospective buyer might "cancel" and/or "waive the right to cancel" without having all available information.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 1371, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1371, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 275      Consumer Protection and Commerce on H.B. No. 1059

The purpose of this bill is to appropriate the sum of \$250,000 for fiscal year 1985-1986 to the Insurance Commissioner of the Department of Commerce and Consumer Affairs to conduct a comprehensive review of the insurance laws of the State and to submit proposed legislation to simplify, clarify, update and consolidate the insurance laws of the State.

Your Committee heard testimony in favor of this bill from the Insurance Commissioner of the Department of Commerce and Consumer Affairs, the Hawaii Independent Insurance Agents Association and the Hawaii State Association of Life Underwriters.

Your Committee, upon due consideration has amended the bill by adding the scope of the Commissioner's study, and to provide that the report of the Commissioner and proposed legislation to carry out the recommendations of the report shall be submitted to the Legislature not later than 30 days prior to the regular session of 1987.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 1059, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1059, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 276      Consumer Protection and Commerce on H.B. No. 240

The purpose of this bill is to carry out the intent of Act 203, 1982 Session Laws of Hawaii, and remove ambiguities surrounding the position of the Bank Examiner. In 1982, the Legislature provided for the appointment of a Bank Examiner separate and apart from the Director of Commerce and Consumer Affairs. The Revisor of Statutes, however, was unable to reflect the effect of Act 203 as it related to the Bank Examiner. Hence, the references to the Director of Commerce and Consumer Affairs still remain, creating confusion as to the authority of the Bank Examiner to regulate and supervise state-chartered financial institutions.

The bill also changes the title of the Bank Examiner and the Bank Examination Division to the "Commissioner of Financial Institutions" and the "Division of Financial Institutions". The proposed titles are more accurate, and in conformity with similar positions and agencies in other states.

Finally, the bill authorizes the Bank Examiner to promulgate rules. The Bank Examiner's current authority to promulgate rules is limited. Broad rulemaking authority would enable the Bank Examiner to better administer and enforce state laws relating to financial institutions.

The State Bank Examiner, Department of Commerce and Consumer Affairs, testified in favor of this bill.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 240 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 277      Corrections and Rehabilitation on H.B. No. 947

The purpose of this bill is to authorize issuance of general obligation bonds for completion of construction of the Halawa Medium Security Facility.

Your Committee finds that this appropriation is required in order to complete the construction of the Halawa Medium Security Facility to add an additional 250 beds to relieve severe prison overcrowding and to address issues raised in the pending lawsuits against the State relating to prison conditions.

Your Committee agrees with the intent of the bill to fund the completion of the Halawa Medium Security Facility. However, your Committee finds that only construction monies are needed to complete the project. Your Committee has therefore amended this bill by inserting the sum of \$11,500,000 on page 1, line 2; and by deleting the words "land acquisition, plans, design" on page 1, line 5.

Your Committee has also made non-substantive changes by deleting the words "Oahu medium security correction facility" and inserting the words "Halawa Medium Security Facility" on line 6 to reflect accurately the name of the facility; and correcting the spelling of the word "appropriated" on line 4.

Your Committee on Corrections and Rehabilitation is in accord with the intent and purpose of H.B. No. 947, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 947, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 278      Water, Land Use, Development and Hawaiian Affairs and Judiciary  
on H.B. No. 153

The purpose of this bill is to amend Section 26-35.5, Hawaii Revised Statutes, by allowing members serving on a board or commission with land trust obligations, such as the Hawaiian Home Lands Commission and the Board of Land and Natural Resources, to have the same immunity from or indemnification for civil liability as provided under Act 152, Session Laws of Hawaii 1984.

Act 152, Session Laws of Hawaii 1984, allows all members serving on a temporary or permanent State board, council, authority, committee, or commission, without compensation other than reimbursement for necessary expenses, to be indemnified and held harmless from civil liability and damages, except in cases when the member acts with a malicious or improper purpose. Your Committees find that members of the Hawaiian Home Lands Commission and the Board of Land and Natural Resources are appointed and serve without compensation, and your Committees are in agreement that Section 26-35.5 should be repealed by removing the present exclusion of the Commission and the Board members from coverage of this section.

Your Committees are of the opinion that this administration bill would allow members of these boards and commissions to continue to make the best possible decisions on matters brought before them without fear or coercion.

Your Committees on Water, Land Use, Development and Hawaiian Affairs and on Judiciary are in accord with the intent and purpose of H.B. No. 153 and recommend that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committees except Representatives Liu, Menor and Tam.

SCRep. 279      Water, Land Use, Development and Hawaiian Affairs and Public  
Employment and Government Operations on H.B. No. 182

The purpose of this bill is to grant civil service status to the ten employees occupying positions in the Aquaculture Development Program, Department of Land and Natural Resources.

According to testimony from the Department of Land and Natural Resources, the Aquaculture Development Program staff members have been exempt, temporary employees since 1977. The State has consistently awarded civil service status to exempt employees when a new division, over time, performs as an integral part of the department. In calendar years 1984 and 1985, funds in excess of \$20 million will have been invested in commercial facilities, and the aquaculture industry is projected to reach a yearly wholesale value of \$50 million by 1990.

Your Committees are in agreement that the Program office has served a vital function in the Department, in promoting economic development, and that civil service status for these ten positions would provide tenure, just opportunity for promotion, and reasonable job security for the employees in question.

Your Committees on Water, Land Use, Development and Hawaiian Affairs and on Public Employment and Government Operations are in accord with the intent and purpose of H.B. No. 182 and recommend that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committees except Representatives Menor, Tam and Tungpalan.

SCRep. 280      Employment Opportunities and Labor Relations and Judiciary on  
H.B. No. 175

The purpose of this bill is to strengthen our current laws prohibiting the use of lie detector tests in an employment context by repealing Part II, Chapter 387, Hawaii Revised Statutes, and adding a new Part II to Chapter 387, H.R.S. This bill: (1) specifies the prohibited practices related to the use of lie detector tests in employment; (2) lists exception to the law; (3) assigns to the Director of Labor and Industrial Relations the responsibility and authority to enforce the law; (4) provides remedies to the aggrieved; (5) authorizes the Department to levy and collect fines; and (6) provides the Attorney General with the authority to take civil and criminal actions.

Current law provides that it is unlawful for an employer to require an employee to submit to a lie detector test as a condition of employment or continued employment, and provides for fines of not more than \$1,000 or imprisonment of not more than one year, or both, for such violations.

Your Committees find that, while the present Part II of Chapter 378, Hawaii Revised Statutes, limits the use of lie detector tests in an employment context, a

more comprehensive statutory scheme is needed to provide better protection for employees and prospective employees from unreasonable intrusions on privacy and to provide a mechanism for sufficient enforcement of the law.

Your Committees received favorable testimony from the Department of Labor and Industrial Relations, the United Brotherhood of Carpenters and Joiners, and the AFL-CIO. The Department stated that lie detector tests are used by employers in various job related situations, including pre-employment interviews, promotions, when money or inventory is missing or annually by some employers for unknown reasons. Your Committees agree that a person's job and employment record are too important to depend on the results of a lie detector test, which is currently not even admissible in Hawaii courts.

To protect the employer should there be some discrepancy as to whether or not the employee or prospective employee had been informed of the employee's or prospective employee's rights, your Committees amended the bill to require the employer to inform the employee or prospective employee in writing, as well as orally, that the test is voluntary and the refusal to submit to the test will not result in job termination or jeopardize the prospective employee's chance of a job. Your Committees have further amended this bill to correct technical drafting errors.

Your Committees on Employment Opportunities and Labor Relations and Judiciary are in accord with the intent and purpose of H.B. No. 175, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 175, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committees.

SCRep. 281      Employment Opportunities and Labor Relations on H.B. No. 982

The purpose of this bill is to make an appropriation to finance the career information center and skills training center to be undertaken by the North Shore Career Training Corporation.

Your Committee on Employment Opportunities and Labor Relations is in accord with the intent and purpose of H.B. No. 982, and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 282      Employment Opportunities and Labor Relations on H.B. No. 1328

The purpose of this bill is to make an appropriation for conducting employment plan follow up activities to the 1984 Hawaii employment plan conference and obtaining a draft comprehensive employment plan for the State of Hawaii and its counties.

Your Committee on Employment Opportunities and Labor Relations is in accord with the intent and purpose of H.B. No. 1328, and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 283      Education on H.B. No. 990

The purpose of this bill is to provide that the Board of Education shall set the salary of the State Librarian, which shall be the same as that of a head of a state department or equivalent agency. In addition, the State Librarian shall be subject to civil service requirements under Chapters 76 and 77, Hawaii Revised Statutes.

As provided by law, the Board of Education has the power to formulate policy and to exercise control over the public library system through its executive officer, the State Librarian. The responsibilities of the State Librarian include the administration of programs relating to public library services and transcribing services for the blind. These programs were previously administered by the Superintendent of Education.



The present law also stipulates that the Board of Education shall set the salary of the State Librarian. Currently, the salary of the State Librarian is below that of other department heads, such as the Superintendent of Education, even though the Office of the State Librarian falls directly under the Board of Education.

Your Committee heard testimony in support of this bill and finds that the position of State Librarian involves greater levels of responsibility and accountability. The position requires an administrator with vast experience and knowledge in all areas of the public library system. In addition, a highly maintained public library system is vital to fulfill the educational needs of the children of our State and the public in general. With the responsibility and quality of the individual needed for this position, this salary request is in line with the demands of the position.

Your Committee has amended Section 312-2.1, HRS, to retain present law that the State Librarian shall serve at the pleasure of the Board of Education and shall be exempt from civil service requirements under Chapters 76 and 77, HRS. Your Committee believes that the Board of Education should retain the power to hire and fire because of the importance of the position. In addition, to exempt the State Librarian from civil service requirements will be consistent with other appointed department heads.

Your Committee has further amended this bill to delete section 1, "Findings", because it is not necessary. In addition, sections 2, 3, 4 have been renumbered to sections 1, 2, 3 respectively for purposes of consistency. Your Committee has also made technical amendments for purposes of style and clarity.

Your Committee on Education is in accord with the intent and purpose of H.B. No. 990, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 990, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Hagino, Pfeil and Tam.

SCRep. 284      Water, Land Use, Development and Hawaiian Affairs and Consumer Protection and Commerce on H.B. No. 526

The purpose of this bill is to include the idea of employee stock ownership as being worthy of State support and to provide the administrative structure for the promotion and support of Employee Stock Ownership Programs (ESOPs).

Your Committees have learned that, to establish an ESOP, a company sets up a trust, which will hold stock and other assets contributed by the company for the employees. Employees receive their share of stock in the company either when they leave the firm or when they retire (most companies find the former works better). Stock held by the trust must be allocated to employee accounts on a "non-discriminatory" basis, meaning that it cannot discriminate in favor of officers, shareholders or highly paid employees. It can be allocated according to relative salary or on some more equal basis. With a number of exceptions, at least 70 per cent of all full-time employees meeting minimum age and service requirements set by the company must benefit under the plan in publicly-held companies; employees must have full voting rights on stock allocated to their accounts; and in closely-held firms voting rights are required only on those issues which by state law or corporation charter require more than majority vote. Stock allocated to employees is not automatically "theirs", however. That depends on the vesting schedule established when the ESOP is set up. As employees accumulate years of service with the firm, they acquire an increasing entitlement to the stock allocated to them. Generally, employees must be 100 per cent vested within 10 to 15 years. These are all minimal rules--companies can, and many companies do, provide for rapid vesting, full voting rights, and more equalizing allocation rules. These more liberal rules appear to be related to greater success in motivating employees, since they make ownership more tangible.

Your Committees received testimonies from the Departments of Planning and Economic Development and of Labor and Industrial Relations, both of which favor the idea of greater employee participation in businesses through expanded ownership. Your Committees are in agreement that ESOPs would foster greater cooperation between labor and management by providing a way for workers to become part-owners of companies that employ them.

Your Committees have also agreed to leave unspecified in the bill the sum of general revenues to be appropriated such that the subsequent committee may hold its own public hearing and make its own determination on funding this program.

Your Committees on Water, Land Use, Development and Hawaiian Affairs and on Consumer Protection and Commerce are in accord with the intent and purpose of H.B. No. 526 and recommend that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committees except Representatives Menor and Tam.

SCRep. 285      Water, Land Use, Development and Hawaiian Affairs on H.B. No. 1587

The purpose of this bill is to amend Sections 204 and 208, Hawaiian Homes Commission Act, 1920, as amended:

(1) Section 204(2), by requiring the Department of Hawaiian Home Lands to provide for a withdrawal clause in any general lease made, beginning July 1, 1985, thereby allowing the Department to withdraw land leased at any time during the term of the lease for purposes authorized by the Act;

(2) Section 208, by lowering the minimum age of a lessee from 21 to 18; and

(3) Section 208(3), by allowing a lessee more time to occupy or use the lessee's homestead lot, rather than just within one year from the date that the lease is made.

According to testimony by the Department of Hawaiian Home Lands, Section 204(2) allows the Department to dispose of available lands not required for homestead purposes on the same terms, conditions, restrictions, and uses applicable to the disposition of public lands provided by Chapter 171, Hawaii Revised Statutes, except for the disposition of available lands by sale in fee simple. As required by Section 171-37(3), general leases made by the Department of Hawaiian Home Lands contain a withdrawal clause, and the lease is subject to withdrawal at any time during the term of the lease with reasonable notice and without compensation. Your Committee is in agreement that the withdrawal clause should be required, rather than just allowable.

The Department testified that, given a lowering of the minimum age of a lessee, the number of applications for original leases would increase, there is no minimum age requirement in the case of a person assuming a homestead lease as a designated successor. In the case of a transfer, the minimum age would be 18. However, the Department voiced no objection if the Legislature decides to lower the minimum age to 18. Your Committee is of the opinion that the minimum age of 18 would be appropriate.

Your Committee is also in agreement with the proposed amendment to Section 208(3). Your Committee held a public hearing on H.B. No. 154, with a similar intent and purpose as that of H.B. No. 1587, and recognized the need to extend the time requirement for occupancy, because the Department now intends to award homestead leases for unimproved lands or lands with minimal improvements and because the potential lessees of these lands will need more than one year to occupy and begin use of the lands.

Your Committee on Water, Land Use, Development and Hawaiian Affairs is in accord with the intent and purpose of H.B. No. 1587 and recommends that it pass Second Reading and be referred to the Committee on Judiciary.

Signed by all members of the Committee except Representatives Pfeil, Shon, Tajiri and Tam.

SCRep. 286      Water, Land Use, Development and Hawaiian Affairs on H.B. No. 1581

The purpose of this bill is to add a new section to Article XII of the Constitution, State of Hawaii, by providing for a single definition of native Hawaiian and Hawaiian as any individual whose ancestors were natives of the area which consti-

tuted the Hawaiian Islands prior to 1778. This definition shall not apply nor be construed to include the Hawaiian Homes Commission Act.

Your Committee received a large number of testimonies in support of the proposed bill. An important point raised in testimony was that there should be no reference to blood quantum as a definition of native Hawaiian. Your Committee is of the opinion that the proposed amendment to Article XII of the Hawaii State Constitution would not create a conflict with the definition of native Hawaiian in Section 5(f) of the Admission Act which created a public trust for the purpose, among others, of the betterment of conditions of native Hawaiians as defined in the Hawaiian Homes Commission Act, 1920, as amended (Hawaiians with at least 50 per cent quantum of Hawaiian blood).

Your Committee recommends passage of this bill as a means in removing the blood quantum definition which has, according to the Office of Hawaiian Affairs and to the Native Hawaiian Study Commission Report, Volume II, divided the Hawaiian community.

Your Committee also recommends the following amendments to the proposed bill:

- (1) Page 1, line 16; and page 2, line 5: To identify the correct name of the Hawaiian Homes Commission Act, 1920, as amended; and
- (2) Minor, non-substantive changes in conformance with standard format of a bill.

Your Committee on Water, Land Use, Development and Hawaiian Affairs is in accord with the intent and purpose of H.B. No. 1581, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1581, H.D. 1, and be referred to the Committee on Judiciary.

Signed by all members of the Committee except Representatives Pfeil, Shon, Tajiri and Tam.

SCRep. 287      Higher Education and the Arts and Planning, Energy and  
Environmental Protection on H.B. No. 504

The purpose of this bill is to appropriate \$100,000 for the fiscal biennium 1985-1987 to fund the operations of the Pesticide Hazard Assessment Project of the University of Hawaii.

The proper and safe application of pesticides is essential to the State's agricultural production as well as the health of its citizens. The Project has a certified pesticide residue laboratory, and produces data on pesticide usage, exposure risks, and measures residue levels in human tissue, water and soils.

The Project has five year renewable agreement with the Environmental Protection Agency that annually provides at least \$200,000 in cost-sharing funds for professional personnel and laboratory support.

Your Committees find that the Pesticide Hazard Assessment Project performs a vital service to the State. Recent projects included studies that involved heptachlor, EDB, and DBCP contamination, all subjects that are timely, and of great interest to the public.

Your Committees on Higher Education and the Arts and Planning, Energy and Environmental Protection are in accord with intent and purpose of H.B. No. 504 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committees except Representatives Pfeil and Tam.

SCRep. 288      Planning, Energy and Environmental Protection and Water, Land  
Use, Development and Hawaiian Affairs on H.B. No. 1010

The purpose of this bill is to allow for the award of reasonable attorney's fees to any private party winning injunctive relief against another private party who has been or is undertaking any development work relating to land use without

obtaining the necessary permits and approvals for development.

Your Committees find that the sheer volume of private development throughout the State is a limiting factor on State or County investigation of abuses against public resources and the natural environment. Oftentimes, it is through the initiative of private parties that legal action is brought forward on such abuses. However, the high costs of legal action against such abuses limits the ability of private individuals or parties to undertake such initiatives.

Your Committees find that the award of reasonable attorney's fees in cases where legal action is initiated against private development undertaken without the necessary development approvals will assist in relieving the burdens of private parties initiating such injunctions.

Your Committees on Planning, Energy and Environmental Protection and Water, Land Use, Development and Hawaiian Affairs are in accord with the intent and purpose of H.B. No. 1010 and recommends that it pass Second Reading and be referred to the Committee on Judiciary.

Signed by all members of the Committees except Representatives Pfeil and Tam.

SCRep. 289      Planning, Energy and Environmental Protection and Higher Education and the Arts on H.B. No. 863

The purpose of this bill is to authorize the Director of Finance to issue general obligation bonds for planning, design and construction of a biofuels plant in Hawaii.

Your Committees find that Hawaii remains overly dependent on imported petroleum as the primary source of transportation fuels. To relieve this dependence, the State must begin to explore technologies relating to the use of indigenous resources such as biomass. Your Committees find that the use of transportation fuels synthesized through the gasification of biomass may prove to be beneficial in reducing the State's dependence on imported petroleum. Your Committees wish to clarify that this bill should in no way be construed to encourage the use of native or endangered plants or forests for biomass.

Your Committees have amended this bill by designating the Department of Planning and Economic Development as the expending authority for the purposes of this appropriation.

Your Committees on Planning, Energy and Environmental Protection and Higher Education and the Arts are in accord with the intent and purpose of H.B. No. 863, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 863, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committees except Representatives Pfeil and Tam.

SCRep. 290      Planning, Energy and Environmental Protection on H.B. No. 1197

The purpose of this bill is to appropriate funds for the development of a program to study the potential of establishing biomass energy plantations in Hawaii.

Your Committee finds that Hawaii remains highly dependent on imported petroleum to fulfill its transportation and electrical generation needs. To relieve this dependence, the State must continue to explore and develop indigenous sources of energy such as biomass. Your Committee finds that support toward the development of biomass plantations will greatly assist the advancement of biomass conversion technologies such as electrical generation and gasification.

Your Committee has amended this bill by designating the Department of Planning and Economic Development as the expending authority for the purposes of this appropriation.

Your Committee on Planning, Energy and Environmental Protection is in accord with the intent and purpose of H.B. No. 1197, as amended herein, and recom-

mends that it pass Second Reading in the form attached hereto as H.B. No. 1197, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Pfeil and Tam.

SCRep. 291 Planning, Energy and Environmental Protection on H.B. No. 1497

The purpose of this bill is to authorize general obligation bonds in the sum of \$3,350,000 for the fiscal biennium 1985-1987, for capital improvements at the Natural Energy Laboratory of Hawaii (NELH) at Ke-ahole Pt. on the Island of Hawaii.

Your Committee finds that the current installation of critical elements in the deep ocean water delivery system was temporary, interim, and dangerously exposed to destructive forces of weather. The appropriation in this bill would provide permanent, protected installations for ongoing and developing projects at NELH.

Your Committee on Planning, Energy and Environmental Protection is in accord with the intent and purpose of H.B. No. 1497, and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Pfeil and Tam.

SCRep. 292 Planning, Energy and Environmental Protection on H.B. No. 1319

The purpose of this bill is to move the Office of Environmental Quality Control (OEQC) from the Department of Health to the Governor's Office for administrative reasons, and to charge OEQC with developing and updating a comprehensive environmental quality action plan.

Under present statute, OEQC is placed in the Department of Health for administrative purposes. It had previously been in the Governor's Office, and was moved recently in a general divestment of many programs to administrative departments.

Your Committee finds that the gravest problem, and the root of the other problems with Hawaii's pollution control programs, is the lack of commitment to environmental policies as provided for in the State Constitution, the Environmental Policy Act, and the State Planning Act. The State Constitution declares the public's "right to a clean and healthful environment, including control of pollution". Numerous statutory environmental policies are intended to be considered in governmental decision making.

Your Committee finds that this lack of commitment has two aspects: priorities and leadership. Priorities are determined largely in administrative actions such as the Governor's state-of-the-State message and his legislative program. While rhetorical reference is often made to environmental goals, economic priorities have consistently come first when they conflict with pollution issues. Environmental protection is perfunctory at best, except in crisis situations, and funding support is minimal. Another result is the low level of environmental consciousness in decision makers, as compared with economic concern.

Your Committee further finds that the low priority of environmental protection, reflected in poor budgetary support, has resulted in the demoralization of staff. OEQC, as well as other affected agencies, takes a "make-do", "status quo" approach, planning their activities more by available funding than by the requirements of public health. Agency coordination is characterized more by agencies arguing over responsibilities than by clear initiative from OEQC. In the face of strong public support for adequate protection of potable water and food supplies, OEQC has nonetheless taken a low profile in pursuing its responsibilities, acquiescing in budgetary neglect. The 1979 report by the legislative auditor still holds true in saying that "OEQC has not adequately coordinated, stimulated, and expanded the efforts of State agencies to maintain environmental quality". The intervening years have not corrected position vacancies, inadequate funding, and unclear statutory authority.

Your Committee further finds that these characterizations also fit the Department of Health, Environmental Protection and Health Services Division, suggesting a

pattern of administrative priorities and leadership that renders inappropriate the assignment of OEQC's coordinative responsibilities to the department. Your Committee feels that no major improvement in this situation of neglect is possible without clear, specific direction from the Governor's office. The stature of this office is more appropriate for guiding the affected agencies; correcting the fragmented condition of environmental programs requires a comprehensive program of interagency planning, implementation and coordination, research, and public education. Thus, your Committee recommends that OEQC be moved to the Governor's Office, so that the Governor can exercise the authority needed to fulfill its responsibilities.

Due to OEQC manpower limitations, your Committee has amended this bill to consolidate and simplify the new charge for OEQC to develop and update a comprehensive environmental quality action plan.

Your Committee on Planning, Energy and Environmental Protection is in accord with the intent and purpose of H.B. No. 1319, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1319, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Pfeil and Tam.

SCRep. 293      Planning, Energy and Environmental Protection on H.B. No. 1251

The purpose of this bill is to strengthen the enforceability of litter laws by deleting a statutory phrase which has permitted the dismissal of cases by technicality.

Your Committee finds that the phrase concerning consent of a landowner to litter is nonsensical and has thwarted the intent and purpose of Sections 339-4 and 708-829, HRS. Testimony further supports reference to an affirmative defense.

Thus, the bill has been amended to further amend Section 708-829, HRS, to furnish it with some of the language of Section 339-4, and to include a phrase on an affirmative defense.

Your Committee on Planning, Energy and Environmental Protection is in accord with the intent and purpose of H.B. No. 1251, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1251, H.D. 1, and be referred to the Committee on Judiciary.

Signed by all members of the Committee except Representatives Pfeil and Tam.

SCRep. 294      Planning, Energy and Environmental Protection on H.B. No. 813

The purpose of this bill is to authorize the Counties to issue reimbursable general obligation bonds to finance a facility for the disposal and processing of solid waste and generation of electric energy.

Your Committee finds that sanitary landfills are a costly and inefficient method of disposing of solid wastes and that alternate methods of disposal must be pursued. The success of pollution control projects which also provide for waste recovery and generation of electricity has been proven; however, the high costs of such development continues to be a limiting factor in initiating and developing this industry to its full potential. The use of municipal solid waste for electrical generation will provide energy from an alternate source and will reduce pressures on existing landfills. This bill will serve as an incentive toward the development of such projects.

Your Committee has amended this bill by deleting the provision authorizing the Counties to waive any competitive bidding requirements applicable to the award of a management contract for a waste disposal/electrical generation facility. Your Committee finds that competitive bidding has been the traditional method for public contract awards. Competitive bidding affords the best possible price to the government entity and ultimately the taxpayer.

Your Committee has further amended this bill by including reference to the sale



of steam energy as a possible revenue generating service of a waste disposal/electrical generation facility.

Your Committee on Planning, Energy and Environmental Protection is in accord with the intent and purpose of H.B. No. 813, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 813, H.D. 2, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Pfeil and Tam.

SCRep. 295 Planning, Energy and Environmental Protection on H.B. No. 1320

The purpose of this bill is to encourage research and development efforts in geothermal electrical and/or non-electrical applications by appropriating funds for the operations of the Puna Geothermal Research Facility on the Big Island.

Your Committee finds that State support for a geothermal applications program can serve to encourage extramural support from the U.S. Department of Energy not only in terms of research grants but also in terms of the transfer of needed equipment. Your Committee further finds that the recommended funds of \$250,000 will allow for minimal staffing consisting of a facility director and a technician as well as for operating and maintenance support.

Testimonies from the University of Hawaii's Hawaii Natural Energy Institute, the Department of Planning and Economic Development, and the Hawaiian Electric Company favored passage of this bill.

Your Committee on Planning, Energy and Environmental Protection is in accord with the intent and purpose of H.B. No. 1320 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Pfeil, Say and Tam.

SCRep. 296 Planning, Energy and Environmental Protection on H.B. No. 1480

The purpose of this bill is to appropriate the sum of \$400,000 for the fiscal biennium 1985-1987 to provide for a biomass energy program.

Your Committee finds that biomass produced energy is a highly important resource, especially on neighbor islands where it provides a large percentage of electrical power. There is an evident need to investigate non-electrical uses of biomass produced energy, particularly transportation fuels, as an alternative to petroleum-derived fuels.

Your Committee further finds that H.B. No. 1480 will greatly assist in developing biomass energy resources.

Your Committee on Planning, Energy and Environmental Protection is in accord with the intent and purpose of H.B. No. 1480, and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Pfeil and Tam.

SCRep. 297 Planning, Energy and Environmental Protection on H.B. No. 875

The purpose of this bill is to stiffen the penalty for littering by making the monetary fine mandatory and higher in value, and by making pick up and removal of litter an additional, rather than an alternative, penalty option. It also seeks incentive for arrest and prosecution by offering a cash reward for information leading to litter convictions.

Your Committee finds that serious littering situations go unpunished due to weak penalties and lack of incentive to report violations. Your Committee also finds that mandatory penalties do not allow adequate court discretion in offenses of varying severity. Your Committee further finds that the proper section of statutes for

these changes is not 339-8 but 708-829. Consequently, the bill has been amended as follows:

- 1) The mandatory penalty of \$400 is changed to a maximum amount;
- 2) The reward offered for information leading to conviction is set at 50% of the fine.

Other amendments have been made to clarify the application of these provisions. Finally, the preface of the bill is amended to identify Section 708-829, HRS, on criminal littering, as the statute to be amended, rather than the department of health litter control provisions of Section 339-8, HRS.

Your Committee on Planning, Energy and Environmental Protection is in accord with the intent and purpose of H.B. 875, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 875, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Pfeil and Tam.

SCRep. 298 Planning, Energy and Environmental Protection on H.B. No. 484

The purpose of this bill is to create a state native wildlife account through an income tax refund or donation checkoff system; the state native wildlife account would be used by the department of land and natural resources in its conservation of native wildlife and endangered species programs under chapter 195D, HRS.

Your Committee finds that Hawaii's unique status as home to a large number of endangered species, and as a set of fragile eco-systems in the world's most remote landfall, impels us to take special measures for native wildlife conservation. Many other states have adopted the approach of an income tax checkoff.

Your Committee has amended this bill to clarify some ambiguous language, and to pay administrative costs from the newly created fund. Other amendments make the account separate from the state general fund, and identify the format for tax return forms. Your Committee has further made technical, non-substantive changes in the bill.

Your Committee on Planning, Energy and Environmental Protection is in accord with the intent and purpose of H.B. 484, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 484, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Pfeil and Tam.

SCRep. 299 Planning, Energy and Environmental Protection on H.B. No. 1246

The purpose of this bill is to extend the present tax exemption for gross proceeds for the sale of gasohol to June 30, 1992. This bill also eliminates the restriction beginning July 1, 1985 to gasohol produced within the State from biomass.

Your Committee finds that reducing the State's reliance on imported oil by the production and use of alternate fuels such as ethanol is a major State goal. Promoting the use of ethanol in a gasoline fuel mixture known as gasohol will aid in reducing Hawaii's dependence on imported petroleum. Presently in Hawaii, however, there are no commercial-sized ethanol producing operations in existence. Out of practical necessity, your Committee finds that the current tax exemption to gasohol should be extended to include mainland-produced ethanol. This can serve to develop a local market for gasohol to the point where it could become economically feasible for the State's local industry to develop.

Your Committee on Planning, Energy and Environmental Protection is in accord with the intent and purpose of H.B. No. 1246 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Pfeil and Tam.

SCRep. 300 Planning, Energy and Environmental Protection and Health on H.B. No. 1231

The purpose of this bill is to require the Department of Health to regulate individual wastewater systems by imposing requirements for plan and construction approvals for all individual wastewater systems. This bill will require the Director of Health to review all plans and specifications for the construction of individual wastewater systems prior to their construction and to inspect and approve the system prior to its use.

Your Committees find that Chapter 57 of the Administrative Rules of the Department of Health relinquished the Department's responsibility to approve the design and performance of individual sewage disposal systems. In essence, this places the burden of such duties on the individual property owner wishing to develop an individual system.

Your Committees find that the majority of property owners do not possess the knowledge and expertise to adequately administer these standards and safeguards. Consequently, this has left individual property owners vulnerable to the advances of unscrupulous contractors. The ultimate result may be a proliferation of sub-standard disposal systems posing a threat to individual and public safety.

Your Committees have amended section 4 of this bill to clarify that this Act shall not apply to any county regulating private wastewater or individual wastewater systems pursuant to Section 342-19, Hawaii Revised Statutes.

Your Committees on Planning, Energy and Environmental Protection and Health are in accord with the intent and purpose of H.B. No. 1231, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 1231, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committees except Representatives Pfeil and Tam.

SCRep. 301 Tourism on H.B. No. 1347

The purpose of this bill is to appropriate the sum of \$250,000 for the planning and construction of a memorial statue of King David Kalakaua.

Your Committee finds that King David Kalakaua played a significant role in bringing immigrants from many parts of the world to promote a multi-cultural community in Hawaii. In conjunction with the centennial celebration of Japanese immigration to Hawaii, your Committee believes it appropriate to recognize the King's efforts by erecting a memorial statue on a suitable site within the City and County of Honolulu.

Your Committee on Tourism is in accord with the intent and purpose of H.B. No. 1347 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 302 Tourism on H.B. No. 1196

The purpose of this bill is to appropriate the sum of \$5,000 to help fund the County of Kauai's Victim-Witness Program which will be hosting the 1985 National Organization for Victims' Assistance (NOVA) convention.

Your Committee finds that the NOVA convention, scheduled for September 2-5, 1985 on the island of Kauai, will attract an estimated 1,000 delegates and spouses and will contribute significantly to tourism promotion and development on Kauai.

Your Committee on Tourism is in accord with the intent and purpose of H.B. No. 1196 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

## SCRep. 303      Tourism on H.B. No. 1158

The purpose of this bill is to appropriate the sum of \$100,000 for the promotion of Molokai as a visitor destination area.

Your Committee finds that the 1984 Legislature appropriated \$100,000 for tourism promotion for the island of Molokai. Testimony received by your Committee from visitor industry representatives on Molokai indicated that the efforts undertaken as a result of that promotional appropriation have produced positive results.

Your Committee also finds that the visitor industry has been and will continue to be one of the primary forces in the economy of Molokai. Your Committee also finds that a recent study commissioned by the Department of Planning and Economic Development, entitled "An Economic Development Strategy and Implementation Program for Molokai", found that tourism remains the most viable alternative for remedying the chronic high unemployment rates on Molokai.

Your Committee further finds, that despite the relatively small scale of tourism development on Molokai, the Island's industry representatives are also contributing to the overall promotional effort to develop Molokai as a visitor destination area. Continued State assistance in this effort, however, is still required. Your Committee is also of the opinion that any funds appropriated for visitor promotion on Molokai should be in addition to the \$600,000 increase in the Hawaii Visitors Bureau promotional budget recommended by Governor Ariyoshi in his State of the State Address.

Your Committee on Tourism is in accord with the intent and purpose of H.B. No. 1158 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

## SCRep. 304      Tourism and Ocean and Marine Resources on H.B. No. 1209

The purpose of this bill is to appropriate the sum of \$119,000 to support ocean recreation programs and projects for West Hawaii. The amount appropriated is to be used for the following purposes:

- (1) \$49,000 for ocean education and interpretive programs; and
- (2) \$70,000 to renovate the old Kona Airport terminal as a visitor's center.

Your Committees believe that it is important for the citizens of Hawaii to become aware and knowledgeable about the ocean and the importance of the State's ocean resources. Your Committees further believe that the ocean is an integral part of the attraction that Hawaii holds for visitors to our State, and that educational and recreational programs contribute significantly to that attraction.

Your Committees find that the programs and projects proposed in this bill will be of benefit to both residents and visitors to Hawaii. Your Committees would like to emphasize, however, that the program appropriations granted in this bill are intended as "seed money" only, to help initiate and establish these programs, and should not be considered as a commitment on the part of the legislature to provide continuing support.

Your Committees on Tourism and Ocean and Marine Resources are in accord with the intent and purpose of H.B. No. 1209 and recommend that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committees except Representatives Pfeil and Tam.

## SCRep. 305      Tourism and Ocean and Marine Resources on H.B. No. 1208

The purpose of this bill is to appropriate the sum of \$157,500 to the Department of Planning and Economic Development to support the Big Island Ocean Recreation and Tourism Project (BIORT). The amount appropriated is to be used for the following purposes:

- (1) \$78,000 for administrative and operating costs;
- (2) \$30,000 for community initiated projects to improve ocean recreation facilities and programs;
- (3) \$45,000 for public information and educational programs; and
- (4) \$4,500 for a feasibility study for a marine educational research center.

Your Committees find that the BIORT Project has developed an organizational framework, established a network of cooperation on the Big Island, evaluated proposals for projects, and prepared a five-year plan for the development of ocean recreation facilities and programs. Your Committees are of the opinion that the funds appropriated in this bill will enable BIORT to begin to realize these plans.

Your Committees would like to emphasize, however, that the funds granted in this bill are intended as "seed money" only, to help BIORT initiate its efforts to establish these programs, and should not be considered as a commitment on the part of the Legislature to provide continuing support for BIORT's programs and operations.

Your Committees on Tourism and Ocean and Marine Resources are in accord with the intent and purpose of H.B. No. 1208 and recommend that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committees except Representatives Pfeil and Tam.

SCRep. 306      Tourism and Ocean and Marine Resources on H.B. No. 1207

The purpose of this bill is to appropriate the sum of \$192,000 for the following purposes:

- (1) \$37,000 for educational and interpretative programs at the Richardson Ocean Recreation Center, including an on-site facility manager;
- (2) \$80,000 for plans, design and improvements to the Richardson Ocean Center; and
- (3) \$75,000 for the improvement of Reeds Bay Beach in Hilo.

Your Committees find that the Richardson Ocean Center is an outdoor ocean recreation and interpretive center being developed cooperatively by the County of Hawaii, the University of Hawaii Sea Grant Extension Service, and residents and community organizations of the Hilo area. Your Committees also find that the Center serves as a focal point for ocean related recreation, education and safety programs, and is of growing benefit to visitors and residents of Hawaii alike.

Your Committees also find that Reed's Bay Beach in Hilo is in need of improvement and is intended to be an integral element in the overall effort to revitalize and develop ocean recreation facilities in East Hawaii. Your Committees would like to emphasize that any efforts on the part of the County of Hawaii to improve the Reed's Bay Beach should be coordinated with the State Department of Transportation and the Army Corps of Engineers as plans are currently underway to construct a small boat harbor at Reed's Bay.

Your Committees on Tourism and Ocean and Marine Resources are in accord with the intent and purpose of H.B. No. 1207 and recommend that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committees except Representatives Pfeil and Tam.

SCRep. 307      Tourism and Ocean and Marine Resources on H.B. No. 1173

The purpose of this bill is to appropriate the sum of \$66,000 to support the programs and projects of the Big Island Ocean Recreation Project (BIORT). The amount appropriated is to be used for the following purposes:

- (1) An islandwide system of beach orientation signs/displays;
- (2) The summer youth fishery training program; and
- (3) The "Every Swimmer a Lifesaver" water safety training program.

Your Committees believe that it is important for the citizens of Hawaii to become aware and knowledgeable about the ocean and the importance of the State's ocean resources, and to recognize that the ocean is an integral part of the attraction that Hawaii holds for visitors to our State. Your Committees also find that these three projects will be of benefit to residents and visitors to Hawaii alike.

Your Committees would like to emphasize, however, that the appropriations granted in this bill are intended as "seed money" only, to help BIORT initiate its efforts to establish these programs, and should not be considered as a commitment on the part of the legislature to provide continuing support for BIORT's programs or operations.

Your Committees on Tourism and Ocean and Marine Resources are in accord with the intent and purpose of H.B. No. 1173 and recommend that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committees except Representatives Pfeil and Tam.

SCRep. 308      Ocean and Marine Resources and Water, Land Use, Development  
and Hawaiian Affairs on H.B. No. 1121

The purpose of this bill is to stimulate national interest in underutilized fresh seafood produced or fished in Hawaii by supporting the development of a promotional and marketing structure in this State.

Your Committees find that in order to stimulate interest in underutilized fish, the State must encourage efforts to educate the general public in the use of such fish as substitutes for more expensive species and aid in stabilizing market flow and baseline prices.

The Department of Land and Natural Resources, BT and Associates, and the Department of Planning and Economic Development recommended passage of this bill.

Your Committees are in agreement with the Department of Planning and Economic Development's recommendation that the present language of this bill be changed, because, in its present form, it limits promotion and marketing efforts to the continental United States. Accordingly, your Committees have amended this bill by deleting the phrase "in the continental United States" in Section 2.

Your Committees on Ocean and Marine Resources and Water, Land Use, Development and Hawaiian Affairs are in accord with the intent and purpose of H.B. No. 1121, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 1121, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committees except Representatives Hagino, Pfeil and Tam.

SCRep. 309      Planning, Energy and Environmental Protection on H.B. No. 207

The purpose of this bill is to authorize the Board of Land and Natural Resources to waive geothermal resource royalty payments from a lessee in situations where such a waiver will encourage initial or continued production of geothermal resources.

Your Committee finds that major geothermal exploration and development programs were initiated in Hawaii in the late seventies when projections for oil prices made geothermal power appear economically attractive. However, current oil price reductions have made geothermal power to appear less cost-effective under current royalty provisions. This bill will provide the Board of Land and Natural Resources with the authority to adjust royalty requirements to provide the incentive



for companies to proceed with plans to develop geothermal resources.

While in agreement with the intent and purpose of this bill, your Committee finds that further clarification of the assessment criteria of the Board of Land and Natural Resources' royalty evaluation procedure is necessary. Your Committee has amended this bill by requiring the Board to adopt and administer rules to establish a basis upon which royalty payments by a lessee to the State will be fixed or waived. Your Committee has added language to further clarify the Board's responsibility to assess royalty waivers or adjustments on the basis of contingent requirements.

Your Committee on Planning, Energy and Environmental Protection is in accord with the intent and purpose of H.B. No. 207, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 207, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Pfeil and Tam.

SCRep. 310      Housing on H.B. No. 1127

The purpose of this bill, as amended, is to more clearly specify county housing agencies' powers to issue general obligation bonds and revenue bonds under housing loan programs.

Major amendments to H.B. No. 1127 were proposed by the City and County of Honolulu's Department of Housing and Community Development, based upon recommendations by the City and County's bond counsel. In summary, H.D. 1 of this bill authorizes negotiated or competitive sale of bonds; authorizes the issuance of zero coupon bonds and variable rate bonds, permits interest rate swaps and "other methods of financing deemed desirable by the county"; and authorizes the counties to enter into support agreements, interest rate swap agreements, and remarketing agreements.

Your Committee believes that these amendments help to clarify what the counties are authorized to do with regard to not only housing loan programs, but also to other county housing bond programs as well.

Your Committee on Housing is in accord with the intent and purpose of H.B. No. 1127, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1127, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 311      Housing on H.B. No. 985

The purpose of this bill is to expand the applicability of county-sponsored housing loan and mortgage programs by removing the provision that loans made under such county programs be restricted to newly constructed projects. Counties would thus be able to provide "spot" loans to finance existing dwelling units or new units for which no project funds have been reserved.

The City and County of Honolulu's Department of Housing and Community Development testified that the current restriction of county programs to new housing projects poses a serious impediment to county residents should the State issue prove inadequate to meet the total demand for "spot" loans. The Hawaii Housing Authority stated in its testimony that because of the sunset provisions under the Mortgage Subsidy Bond Tax Act, it would not be opposed to the amendment set forth in this bill.

Your Committee believes that our State of Hawaii should strive to achieve full utilization of the \$200 million "subsidy" in the tax-exempt revenue bonds which can be issued per annum. Further, in the event that the counties do not elect to issue their own bonds of equity requirements or other reasons, they would not be precluded from allocating their remaining authorization to HHA to issue bonds on their behalf.

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

985 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 312      Human Services and Employment Opportunities and Labor Relations  
on H.B. No. 101 (Majority)

The purpose of the bill is to merge the present Progressive Neighborhoods Program (PNP) and the Hawaii Office of Economic Opportunity (HOEO) into a new Office of Community Services.

Your Committees received testimony from the Department of Labor, indicating that it would be most willing to accept the new office. The Acting PNP Director and HOEO Director testified in support of the administration measure.

In addition to the cost savings to be realized, your Committees believe that the merger is a logical one which will strengthen the State's efforts in serving disadvantaged individuals and families.

From the programmatic standpoint, HOEO and PNP have the same target group but have distinct functions. PNP operates and contracts out services to multi-problem communities and designated "target neighborhoods". HOEO, on the other hand, has a statewide capability to deliver services, has an important agency role in obtaining federal funds, and negotiates and monitors contracts to provide services to low income families and individuals.

One of the major activities required under the Community Services Block Grant (Public Law 97-35) is to provide programs to assist low-income individuals to secure and retain meaningful employment, the major emphasis in programs for the disadvantaged being employment and employability. Your Committees believe that the functions of the new Office of Community Services are compatible with Department of Labor.

Your Committees believe, in addition, that there are other programs serving low-income groups that can also be consolidated in this new agency, particularly those serving immigrants and refugees. Provision of services to immigrants is presently hindered by a lack of a planning capability and the inability to provide services on a statewide basis. Immigrants on the neighbor islands and in Central and Leeward Oahu are presently underserved. Transfer of the State Immigrant Services Center from the Office of the Governor to the new Office of Community Services will foster increased planning capability and coordination of services.

Your Committees believe that transferring the Refugee Assistance Office from DSSH to DLIR will properly reflect refugees' needs for employment assistance and training. This re-focusing of the State's efforts to help refugees integrate into our community, rather than be dependent on our community, shows true concern and sensitivity to their needs.

Your Committees have, therefore, amended this bill by making the changes necessary to reflect the consolidation and mergers of immigrant and refugee programs into the new Office of Community Services.

Your Committees have further amended Section 2 of this bill to ensure that the transfer provisions are consistent with other parts of the bill. Your Committees find that all positions in the office of community services should be exempt positions under chapters 76 and 77, HRS. Your Committees believe that providing proper flexibility to the new agency will enable it to successfully accomplish its functions and objectives in serving disadvantaged groups in our State. It is the hope of your Committees that civil service employees affected will be appropriately placed within their present departments.

Your Committees are in accord with the intent and purpose of H.B. No. 101, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 101, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committees except Representatives Anderson, Medeiros and Taniguchi.  
(Representative Kihano did not concur.)