

CONFERENCE COMMITTEE REPORTS

Conf. Com. Rep. 1 on S.B. No. 735

The purpose of this bill is to appropriate \$300,000 for the support of the 1990 America's Cup yacht race in Hawaiian waters. The appropriation can only be utilized for the preparation of an environmental impact statement and necessary planning, analysis, and promotion activities.

The Governor, pursuant to Article VII, Section 9, of the State Constitution, has recommended immediate passage of this bill.

Section 1 of the bill enumerates the benefits which the State may derive if the America's Cup yacht race is held in Hawaii and the necessity for expeditious action. Your Committee agrees with the statements.

The bill has been amended to include at the end of Section 1 a finding that the bill is recommended for immediate passage by the Governor. Inclusion of the finding in a bill is customary when the Governor makes such a recommendation. The bill also has been amended to specify that the appropriation is made for the fiscal period 1986-1988. Your Committee finds that this amendment authorizes the expenditure of the appropriation during this fiscal year as well as the fiscal year 1987-1988. The bill has been further amended to insert a sentence in Section 2 to require the environmental impact statement or environmental assessment to address the impacts on various sites from the berthing facilities.

Your Committee has amended this bill to require that prior to the adoption of any final plans for the development of the necessary facilities required to host the America's Cup, the Department of Planning and Economic Development shall receive community input with regards to such plans via public hearings.

It is the intent of your Committee that, in addition to receiving community scrutiny via public hearings as an aid to further assessing any possible social implication, any environmental impact statement or environmental assessment required include a survey of organizations, businesses, and residents located in close proximity to or that may be directly or indirectly affected by the development of any proposed facilities required to host the America's Cup.

In addition, other technical, nonsubstantive amendments have been made.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 735, S.D. 2, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 735, S.D. 2, H.D. 2, C.D. 1.

Representatives Cachola, Souki, Horita, Oshiro and Marumoto,
Managers on the part of the House.

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

Conf. Com. Rep. 2 on H.B. No. 464

The purpose of this bill is to provide a statewide program to control smoking in places frequented regularly by the general public. This bill will prohibit smoking in areas such as health care facilities, some restaurants, banks and similar institutions and other locations open to the public.

It is the ultimate purpose of this Act to protect the public health, comfort, and environment of our State by providing a unified statewide code to regulate smoking in public places.

It is estimated that seventy-five per cent of the population of Hawaii does not smoke. There is also growing evidence as to the harmful effects of being exposed to sidestream smoke from others. Your Committee feels that individuals statewide should have equal protection from the "second-hand" smoke of others, similar to ordinances in effect in two counties.

Your Committee has amended the bill as follows:

1. Amend the definition of "restaurant" to exempt those with a seating capacity of fifty or fewer persons (pg. 2, line 13).
2. Amend the definition of "small business" to those not having more than five employees (pg. 3, line 6).
3. Amend the regulation of smoking in taxicabs to when carrying non-smoking passengers (pg. 6, line 7).
4. Delete reference to federal property.
5. Add a Section 3: "Nothing shall prohibit a county from enacting ordinances more stringent than the provisions of this Act".

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 464, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 464, H.D. 1, S.D. 1, C.D. 1.

Representatives Shon, Metcalf, Leong, Tom and Hemmings,
Managers on the part of the House.

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

Conf. Com. Rep. 3 on H.B. No. 1025

The purpose of this bill is to revise the current health planning law in Hawaii and reenforce and refocus the role of the State Health Planning and Development Agency (SHPDA) in the health planning process. This bill will remove those parts of the law which are no longer appropriate or pertinent since the repeal of the federal health planning legislation. Primarily, the bill will also reform the Certificate of Need (CON) process by raising the thresholds, exempting some providers currently covered, and allowing administrative action on many proposals which now must go through full review process.

This bill will further improve the State health planning regulation by the following:

- (1) Authorize SHPDA to request information from health insurance companies to increase data gathering, analysis and reporting on health insurance accessibility, availability and quality;
- (2) Add to SHPDA's agenda the responsibility to look at emerging health issues such as medical ethics, health care rationing, health care for the indigent, involuntary care, and standards for research and development in the areas of biotechnology and genetic engineering;
- (3) Provide that the subarea councils, the review panel and the statewide council may, at their discretion, choose to waive their respective prerogatives of CON review applications and provide that the statewide council and the review panel may hear CON information jointly;
- (4) Provide for a reconsideration panel for CON's to be made up of the administrator of the agency, the chairpersons of the statewide council, the appropriate subarea councils, the review panel, and the plan development committee; and
- (5) Deleting the CON requirement for dental clinics and other facilities or services which SHPDA chooses to exempt by rule.

Your Committee has amended the bill to establish the thresholds for CON requirement:

- a. \$4,000,000 for capital expenditures;
- b. \$1,000,000 for new or replacement medical equipment;
- c. \$400,000 for used medical equipment.

In addition, your Committee has further amended the bill to clarify the provisions for:

a. Administrative review of certain applications for certificate of need (pg. 2, lines 10-15); and

b. Disqualification from position or membership (pg. 16, lines 10-14).

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1025, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1025, H.D. 1, S.D. 1, C.D. 1.

Representatives Shon, Arakaki, Hagino, Leong and Ribellia,
Managers on the part of the House.

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

Conf. Com. Rep. 4 on H.B. No. 889

The purpose of this bill is to allow the Department of Health to release confidential medical or epidemiological information on sexually transmitted diseases to appropriate specific agencies for the control and treatment of sexually transmitted diseases as specified by administrative rule.

Your Committee finds that all information relating to sexually transmitted diseases should be held in strict confidence and not be subject to subpoena. However, your Committee also finds that under certain circumstances, release of confidential information may be needed to protect the safety and health of the community. This bill will allow the Department to release information to blood banks, plasma centers, donor and tissue banks, schools and day care centers under circumstances specified by administrative rules adopted to ensure that strict confidentiality is maintained.

Under this bill there is also a provision that no person will have to consent to the release of information protected under this measure in order to obtain or maintain housing, employment or education. Originally this provision also included insurance. Your Committee finds that other legislation will cover the insurance issue and this bill has been amended accordingly, by deleting the reference to insurance.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 889, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 889, H.D. 2, S.D. 1, C.D. 1.

Representatives Shon, Metcalf, Hagino, Leong and Ribellia,
Managers on the part of the House.

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

Conf. Com. Rep. 5 on H.B. No. 681

The purpose of this bill is to exempt licensed community residential health facilities from county zoning provisions controlling group living facilities. This bill is in line with the State's goal of removing disabled individuals from institutions and integrating them into the community.

Your Committee finds that there are some communities which have experienced a disproportionate number of facilities being established in their area in recent years. These facilities, for the most part, are residential and pose no particular harm. The concerns expressed by such neighborhoods however, should be addressed and efforts should be made to ensure that these residential health facilities are distributed throughout the State to not impact unfairly on one geographical area.

Your Committee also finds that it is in everyones best interest to foster the development of an equitable distribution plan for these facilities while at the same time not inhibiting those individuals who are now in health related institu-

tions from living in a community setting.

Your Committee has amended the bill to accomplish these objectives in the following ways:

(1) By defining the facility subject to Section 46-4, Hawaii Revised Statutes, as being "with eight or fewer residents and.." licensed by the State, and adding Intermediate Care Facilities/Mental Retardation-Community (ICF/MR-C) to the exemption list.

(2) Including the definition of Intermediate Care Facilities/Mental Retardation-Community (ICF/MR-C) in the definitions list.

(3) By adding a section which requires the Department of Health to develop a plan to address community impact of licensed residential facilities which includes, but is not limited to:

(a) strategies to distribute these facilities throughout the State in ways which do not impact unfairly on one geographical area;

(b) case management, monitoring and care plans for all facility residents; and

(c) mechanisms to resolve problems with communities in which these facilities are or may be located.

(4) By adding a section which stipulates that the Department of Health shall not approve any new community residential facilities, with eight or fewer residents, after July 1, 1988, which are not in conformance with the plan.

Your Committee on Conference is in accord with the intent and purpose on H.B. No. 681, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 681, S.D. 1, C.D. 1.

Representatives Shon, Arakaki, Hagino, Leong and Hemmings,
Managers on the part of the House.

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

Conf. Com. Rep. 6 on S.B. No. 469

The purpose of this bill is to require sellers of computers to provide a written disclosure, in eight point type-size, to purchasers of any removal or replacement of computer parts or components from the computer as received from the manufacturer.

It has been the practice of certain computer retailers to remove or replace computer parts from computers manufactured by well-known computer manufacturers to improve computer performance. However, this practice has also led to computer parts being replaced with parts of inferior quality, which may result in a decrease in computer performance, incompatibility among computer parts, and even computer failure. A written disclosure of the removal or replacement of computer parts will provide consumers better information as to the quality of the computers they purchase.

Your Committee has made a technical amendment by deleting reference to subsection "(a)" on page 1, line 5 to conform to recommended drafting style.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 469, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 469, S.D. 1, H.D. 1, C.D. 1.

Representatives Hirono, Cachola, Hiraki, Yoshimura and Jones,
Managers on the part of the House.

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

Conf. Com. Rep. 7 on S.B. No. 808

The purpose of this bill is to appropriate \$100,000 to the Office of the Legislative Auditor to conduct a feasibility study of having a motor vehicle insurance fund as an alternative to the no-fault auto insurance system.

Your Committee finds that there is a critical need to provide alternative methods of motor vehicle insurance.

Your Committee, upon further consideration, has made the following amendments to S.B. No. 808, S.D. 2, H.D. 2:

(1) Specified that the study address the feasibility of implementing the provisions of S.B. No. 808, S.B. No. 1335, and H.B. No. 1928;

(2) Clarified that the study address current issues within the insurance industry including, but not limited to, the "take-all-comers" provision in the existing no-fault law, uninsured motorists, and prohibitions against discriminating against insureds on the basis of age and length of driving experience, and an analysis of a motor vehicle insurance fund upon such issues; and

(3) Required that the study include the feasibility of placing motorcycles under the provisions of the motor vehicle insurance fund proposal.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 808, S.D. 2, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 808, S.D. 2, H.D. 2, C.D. 1.

Representatives Hirono, Souki, Hagino, Hiraki and Medeiros,
Managers on the part of the House.

Senators Yamasaki, Blair, Cobb, Matsuura and Ikeda,
Managers on the part of the Senate.

Conf. Com. Rep. 8 on H.B. No. 536

The purpose of this bill is to require the Department of Social Services and Housing (DSSH) to enforce payment of restitution orders by incarcerated prisoners by deducting ten per cent of the prisoner's annual earnings, including interest on those moneys earned, and paying that amount once annually to the victim.

Your Committee finds that inmates do not receive any interest on their inmate accounts. Any interest earned on the money goes into a fund which is used to assist inmates generally. The DSSH has no capability to determine the amount of interest attributable to each inmate, and would not be able to enforce a victim restitution order against the interest earned.

Your Committee has therefore amended the bill on page 1, line 9 by deleting the words "including interest on those moneys earned".

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 536, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 536, H.D. 1, S.D. 1, C.D. 1.

Representatives Hagino, Souki, Arakaki, Tom and Hemmings,
Managers on the part of the House.

Senators Menor, J. Wong and Reed,
Managers on the part of the Senate.

Conf. Com. Rep. 9 on H.B. No. 1156

The purpose of this bill is to delete from the membership of the State Fire Council, the Chief of the Fire Prevention Bureau of the City and County of Honolulu. It makes the advisory committee to the Fire Council discretionary rather than mandatory. It requires the Fire Chief of the City and County of Honolulu to be the Fire Council chairperson and it makes an appropriation for the operation of the State Fire Council.

Your Committee upon further consideration has made the following amendments to H.B. No. 1156, S.D. 2:

(1) the sentence which was to be deleted from Section 132-16(a) will remain. The sentence is: "The state fire council shall elect a chairman from among its members".

(2) the sentence which was to be added to Section 132-16(a) will now be deleted. The sentence is: "The fire chief of the city and county of Honolulu shall be the chairperson of the state fire council".

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1156, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1156, S.D. 2, C.D. 1.

Representatives Crozier, Yoshimura, Souki, Ihara and Medeiros,
Managers on the part of the House.

Senators Yamasaki, Blair and Ikeda,
Managers on the part of the Senate.

Conf. Com. Rep. 10 on S.B. No. 1748

The purpose of this bill is to increase the fees and charges for vessel registration under the boating law.

Vessel registration fees and charges have not been raised since 1977. The Department of Transportation, which is responsible for the vessel registration program, has indicated that revenues collected under the present fee structure are not adequate to cover the cost of administering the program. Your Committee finds that this bill is necessary to better achieve the user financed philosophy of the vessel registration program.

The bill has been amended to establish the initial registration fee for vessels of less than twenty feet in length at \$13 and the initial registration fee for vessels of twenty feet or more in length at \$25.

Your Committee feels that the fees and charges in the bill, as amended, will produce revenues sufficient to finance the cost of the vessel registration program while avoiding any unnecessarily harsh impact on owners of smaller vessels.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1748, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1748, S.D. 1, H.D. 1, C.D. 1.

Representatives Oshiro, Souki, Ihara, Tungpalan and Marumoto,
Managers on the part of the House.

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

Conf. Com. Rep. 11 on H.B. No. 741

The purpose of this bill is to provide for the safety of school children by amending Section 291C-95, Hawaii Revised Statutes, to require each school bus driver to activate the flashing red lights of the school bus when child passengers embark and disembark.

Your Committee has amended the purpose section of the bill to specify that motor vehicles in the immediate vicinity of a school bus which has its flashing red lights activated must come to a complete stop in order to minimize traffic hazards to the child passengers.

In addition, your Committee has amended Section 2 of the bill to include an amendment to Section 291C-95(a), Hawaii Revised Statutes, which would clarify that the statutory stopping requirement is applicable only to motor vehicles in the lanes occupied by and immediately adjacent to the school bus, regardless of the direction of traffic in the adjacent lane.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 741, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 741, H.D. 1, S.D. 1, C.D. 1.

Representatives Oshiro, Bellinger, Crozier, Horita and Jones,
Managers on the part of the House.

Senators Fernandes-Salling, Kuroda and Reed,
Managers on the part of the Senate.

Conf. Com. Rep. 12 on H.B. No. 1514

The purpose of this bill is to make the shelter allowances set forth under the public assistance law flat amounts based on family size, instead of maximum amounts.

Your Committee finds that the shelter benefit for those receiving public assistance has remained the same for over ten years, even though inflation has risen at a rate of more than 40 per cent during this same period.

Your Committee has therefore amended page 3, line 19 through page 4, line 3 of the bill to provide for a ten per cent increase in the schedule for this housing allowance. Your Committee has also amended this bill on page 8, line 23 by changing the effective date from July 1, 1987 to January 1, 1988.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1514, H.D. 2, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1514, H.D. 2, S.D. 2, C.D. 1.

Representatives Hagino, Souki, Arakaki, Kawakami and Ribellia,
Managers on the part of the House.

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

Conf. Com. Rep. 13 on H.B. No. 377

The purpose of this bill is to clarify the membership criteria of the State Environmental Council.

Your Committee on Conference agrees with the intent and purpose expressed in Senate Standing Committee Report No. 965 which has been incorporated herein by reference except as modified herein.

Your Committee finds that it is the purpose and intent of this bill to insure that the Governor, in appointing members to the Environmental Council, is permitted to consider all those persons within the community that have the prerequisite environmental expertise to effectively serve. It is not intended to specifically exclude from the council's membership any particular group of persons with environmental expertise.

Your Committee, upon further consideration of this bill, has made the following non-substantive amendments for the sake of clarity.

Line 6 on page 1 of this bill has been amended to read: "The council shall be [placed within] attached to the department of health for administrative purposes."

Line 9 on page 1 has been edited to read: "...provided that, of the members initially appointed, five members..."

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 377, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 377, S.D. 1, C.D. 1.

Representatives Andrews, Hiraki, Honda, Kanoho and Pfeil,
Managers on the part of the House.

Senators Hagino, Menor and Reed,
Managers on the part of the Senate.

Conf. Com. Rep. 14 on H.B. No. 654

The purpose of this bill is to amend the current State Natural Area Reserves statute, Chapter 195, Hawaii Revised Statutes, to establish more specific guidelines for the creation and management of Hawaii's natural area reserves.

Your Committee finds that the State has established the State Natural Area Reserves System to protect the important natural areas within the vast inventory of state lands. These reserves protect thousands of unique species, provide ideal sites for research and outdoor education and, in many cases, guard vital watershed areas. This bill provides the Department of Land and Natural Resources with broader powers under which it will be authorized to acquire and manage the States natural area reserves, including the use of more innovative methods such as joint public/private ventures in order to facilitate greater efficiency and cooperation in the protection of these reserves.

Your Committee has amended this bill by correcting an apparent drafting error which occurred during the latest revision of this bill. The underlined phrase: "in carrying out this chapter;" has been deleted from page 7, line 6 of this bill to insure its consistency with the intended amendments of the Senate as stated in Senate Standing Committee Report No. 876.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 654, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 654, H.D. 1, S.D. 1, C.D. 1.

Representatives Andrews, Levin, D. Ige, Kanoho and Isbell,
Managers on the part of the House.

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

Conf. Com. Rep. 15 on H.B. No. 1209

The purpose of this bill is to require any person who has caused an unlawful discharge under Section 342-33(a), HRS, to report the incident to the Director of Health within twenty-four hours of the discharge. This bill also increases the penalties assessable for harbor violations and any violation of Part III of Chapter 342, HRS.

Your Committee finds that recent incidents involving the release of untreated sewage effluent from certain interisland cruise ships have uncovered various limitations in the State's ability to impose penalties which are comparable to the severity of these repeated infractions. In addition to the damage they may cause to the environment, these discharges also pose potential hazards to human health and safety. This bill will provide the State departments of Health and Transportation with the authority to impose stricter penalties for the discharge of pollutants into the State's waters.

Following its deliberations on this bill, your Committee concluded that an essential element in developing an effective pollution discharge notification and corrective action program would be the authority of the Department of Health to assess the appropriate fines on parties which fail to comply with their obligations to report. Therefore, your Committee has reinserted subsection (C) to this bill which authorizes the Department of Health assess a penalty of not more than \$10,000 per day for the violation of this section.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1209, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1209, H.D. 1, S.D. 1, C.D. 1.

Representatives Andrews, Metcalf, Honda, Say and Medeiros,
Managers on the part of the House.

Senators Hagino, Nakasato and Reed,
Managers on the part of the Senate.

Conf. Com. Rep. 16 on H.B. No. 378

The purpose of this bill is to require physicians to report to the Department of Health, the treatment of any patient afflicted with an environmentally-related illness or injury.

Your Committee finds that the active surveillance and documentation of all pesticide, lead and other environmentally-related illnesses or injuries is important to the understanding, prevention and control of such incidents. For decades, statistics have been kept on a variety of natural diseases. It has now become necessary to gather similar data on environmentally-related illnesses and injuries. Such data are essential to the understanding of the full extent and severity of environmentally-related problems in Hawaii.

Your Committee has amended this bill by making a minor technical correction to the subsection entitled: "Definition of health care professional" which appears on page 2, lines 20 through 23 of this draft. Your Committee finds that physicians and osteopaths are "licensed" rather than "defined" in HRS Chapters 453 and 460, respectively. This bill has therefore been amended to reflect this technicality.

Your Committee has further amended this bill by deleting the words "licensed clinical" which appear on page 3, lines 7 and 8 of the Senate draft. Your Committee wishes to keep the reporting requirement applicable to all laboratories having laboratory data regarding individuals affected by toxic substances.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 378, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 378, H.D. 2, S.D. 1, C.D. 1.

Representatives Andrews, Shon, Metcalf, D. Ige and Pfeil,
Managers on the part of the House.

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

Conf. Com. Rep. 17 on S.B. No. 1172

The purpose of this bill is to enable the Governor to explore alternatives to traditional, capital intensive traffic solutions by requiring that any public contract awarded under Chapter 103, Hawaii Revised Statutes, consider the impact that the work undertaken pursuant to the contract will have on peak hour traffic and by expanding the Governor's authority to modify the hours of schools to include, but not be limited to, state universities.

Your Committee finds that Honolulu's major traffic corridors have already surpassed their capacity, and continued growth in Honolulu's population will further tax existing facilities. However, any further expansion of our highways and roads will severely impact Hawaii's financial and natural resources as well as raise community and environmental concerns.

Therefore, your Committee believes it is both prudent and necessary that transportation policies be implemented which will attempt to alleviate traffic congestion through non-capital intensive alternatives.

One alternative offered in this bill is the requirement that all public contracts shall now consider whether the work will increase traffic congestion during peak hours.

Your Committee also believes that traffic congestion can be reduced by shifting the starting times of Hawaii's schools and state universities. Serious consideration was given to the request of the Administration to provide the Governor with the statutory authority to set private school hours. This request, however, may be premature and efforts should be made during the interim to involve the private schools in a program which would allow them to make a contribution toward alleviating traffic congestion. Your Committee believes, however, that if this effort is unsuccessful, the Executive could again raise this issue with the Legislature.

Your Committee, upon consideration, has amended the bill by including the following language after the words "staggered as well." on page 2, line 14: "According to one study (the 1985 report by Kaku Associates entitled School

Hours Change Study), the private schools contribute fifty per cent of the morning peak school-related traffic on the major traffic corridors into Honolulu," to further clarify the impact private school hours have on morning peak traffic.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1172, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1172, S.D. 1, H.D. 1, C.D. 1.

Representatives Oshiro, Souki, Bellinger, Ihara and Marumoto,
Managers on the part of the House.

Senators Fernandes-Salling, Holt, Kuroda and Ikeda,
Managers on the part of the Senate.

Conf. Com. Rep. 18 on S.B. No. 350

The purpose of this bill is to protect the public health by requiring employers to adopt smoking policies that accommodate the preferences of non-smokers and smokers alike.

Under this bill, every employer who has three or more employees would have to find an accommodation between smokers and non-smokers in each affected work place. Failing that, the employer would have to adopt a policy reflecting the preference of a simple majority in each work area, but if the non-smokers in that workplace are still unsatisfied with the employer's decision, a simple majority of them can appeal to the Director of Health for determination of a reasonable accommodation. Employers who already have policies prohibiting smoking would not be affected.

Your Committee finds that smoking is dangerous not only to smokers but also to others who must breathe secondhand smoke in confined areas. Your Committee also finds that it is consistent with legislative efforts to protect the public health, and not inconsistent with principals of civil liberty and personal right of choice, to allow those affected to decide for themselves whether smoking should be prohibited or permitted.

However, the Conference Committee was unable to agree about how private employers must decide the smoking issue in privately owned and operated business concerns. Therefore, your Committee has amended the bill as follows:

- (1) Narrowed the scope to include only government offices of the State and the various counties;
- (2) Added a definition of "simple majority" to mean any number greater than half of the persons expressing a preference in any specific work area;
- (3) Deleted the definition of "person";
- (4) Provided that any person may be subject to the penalty for violating the chapter;
- (5) Provided that any member of the general public may call upon the Department of Health to enforce any violations of the chapter;
- (6) Provided that the maximum penalty for violation shall be \$500;
- (7) Provided that each smoking policy shall be announced within two weeks of the vote of preferences and posted conspicuously in all the affected work areas; and
- (8) Provided that in case of conflict between this new chapter and Chapter 321, part XVII, Hawaii Revised Statutes, the stricter prohibition on smoking shall apply.

Your Committee wishes to emphasize that the purpose of this bill is to protect the rights of non-smokers and is not intended to create any right to smoke or to impair or alter the government's prerogative to prohibit smoking in government work places. It is the intent of your Committee that the legislature and the State shall lead the way towards an eventual smoke-free Hawaii, and that this bill shall serve as a model to the private sector. It is the profound hope of your Commit-

tee that the private sector will recognize and acknowledge the rights of non-smokers and take appropriate steps to protect them in private workplaces.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 350, S.D. 1, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 350, S.D. 1, H.D. 2, C.D. 1.

Representatives Shon, Metcalf, Hagino, Leong and Hemmings,
Managers on the part of the House.

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

Conf. Com. Rep. 19 on S.B. No. 241

The purpose of this bill is to relieve the transferor of a motor vehicle from any civil or criminal liability for activities involving the motor vehicle from the date the transferor delivers the motor vehicle into the transferee's possession.

This bill, as received by your Committee, provided that if the purchaser of a motor vehicle provides the registered owner or licensed dealer with proof of insurance on the motor vehicle being transferred, the owner or dealer shall be relieved from civil or criminal liability from the date possession of the vehicle is transferred.

Your Committee finds that the transferor of a motor vehicle should not be held responsible for the purchase of insurance by the transferee and, therefore, has amended the bill to delete the proposed new subsection (m) in the bill as received, which would have imposed this requirement on the transferor. Instead, appropriate amendments have been made to subsection (k) to relieve the transferor of the motor vehicle from liability from the date the motor vehicle is delivered to the transferee's possession.

In order to clarify that the bill is not intended to relieve a transferor from civil and criminal liability arising from the sale of a defective motor vehicle, the bill has been further amended to provide that the transferor is relieved only from liability which would otherwise arise by reason solely of being the registered owner.

The bill has been further amended to make technical amendments which do not affect the intent and purpose of the measure.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 241, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 241, S.D. 1, H.D. 1, C.D. 1.

Representatives Bellinger, Cachola, Crozier, Horita and Jones,
Managers on the part of the House.

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

Conf. Com. Rep. 20 on S.B. No. 787

The purpose of this bill is to amend Section 707-711, Hawaii Revised Statutes, to provide that any person who intentionally or knowingly causes bodily injury to an educational worker will be guilty of a Class C felony.

An educational worker is defined for the purposes of this section in the Senate version as "any administrator, specialist, counselor, or teacher employed by the department of education or any person acting under the control of the department of education and engaged in carrying out an educational function".

Both the Senate and the House of Representatives agree that this bill will give educational workers added protection by making it a crime to assault them. The House of Representatives broadened the definition of an educational worker to include any employee of the Department of Education, or a person who is a volunteer in a school program, activity, or function that is established, sanctioned, or approved by the Department of Education or a person hired by the Department of

Education on a contractual basis and engaged in carrying out an educational function.

Your Conference Committees amended House Draft 1 to remove the clause "or an appropriate county agency" because your Committees believe this clause created an overly broad classification which would be covered by this bill.

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

Representatives Tam, Metcalf, Lee, Honda and O'Kieffe,
Managers on the part of the House.

Senators Hee, Chang, Kuroda, Mizuguchi and Reed,
Managers on the part of the Senate.

Conf. Com. Rep. 21 on S.B. No. 1765

The purpose of this bill is to authorize the transfer of park lands between the State and counties. A transfer of park lands may include the transfer of related improvements, personnel, equipment, and functions.

Under the current division of jurisdiction over parks, the State manages and operates larger parks with natural resource value for passive recreational use while the counties manage and operate smaller, active recreational parks. This bill gives the State more flexibility in achieving a park system consistent with its jurisdictional philosophy.

Both the Department of Land and Natural Resources and the Department of Parks and Recreation of the City and County of Honolulu have testified in support of the intent of this measure.

Both Houses fully support the intent of this bill. The disagreement between the Houses, however, results from differences in the language of the respective drafts. Your Committee has reached a solution which eliminates ambiguity or potential misinterpretation. Under this bill, as amended, Section 184-3, Hawaii Revised Statutes, is amended by adding new paragraphs (9) and (10). Paragraph (9) authorizes the Department of Land and Natural Resources to accept from a county, park lands which may include related improvements, personnel, equipment, and functions. Paragraph (10) authorizes the Department of Land and Natural Resources to transfer to a county, park lands which may include related improvements, personnel, equipment, and functions.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1765, S.D. 1, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1765, S.D. 1, H.D. 2, C.D. 1.

Representatives Levin, Souki, Bunda, Honda and Isbell,
Managers on the part of the House.

Senators Holt, Blair and George,
Managers on the part of the Senate.

Conf. Com. Rep. 22 on H.B. No. 750

The purpose of this bill is to establish a State administered endowment fund for the Honolulu symphony and to appropriate funds to provide financial assistance to the symphony in fiscal year 1987-1988 in the amount of \$500,000 for its operating budget and \$290,000 to cover the actual costs of the State's purchase of service for the young peoples' concerts and neighbor island tours.

While supportive of the intent of an endowment fund, your Committee had concerns that a \$2,000,000 appropriation would have a negative impact on the overall scheme of the State's budget. Therefore, your Committee has adopted the recommendation that the appropriation for the endowment fund be changed to \$500,000 in fiscal year 1987-1988, and \$500,000 in fiscal year 1988-1989. The bill has been amended to provide for this provision.

Presently, the symphony receives financial assistance in the form of purchase of service moneys through the State's operating budget. Your Committee finds that the appropriations for the symphony's operating budget and for additional purchase of service moneys are more appropriately addressed in the State's operating budget. Your Committee, therefore, has amended this bill by deleting Sections 3 and 4.

This bill has been further amended by renumbering the remaining sections for the purpose of consistency.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 750, H.D. 1, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 750, H.D. 1, S.D. 2, C.D. 1.

Representatives Taniguchi, Souki, Horita, Say and Ribellia,
Managers on the part of the House.

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

Conf. Com. Rep. 23 on S.B. No. 559

The purpose of this bill is to authorize the Department of Land and Natural Resources (DLNR) to negotiate and enter into long-term residential leases with bona fide farmers who reside on Waimanalo farm lots.

Currently, Waimanalo farm lot residents, many of whom have lived and farmed the lands for two generations, hold revocable permits or lease State lands on a month-to-month tenancy. This situation imposes economic hardship on the residents because farm improvement financing is unavailable with only a 30-day tenure on the property.

This bill would offer the residents, who hold leases or permits for agricultural purposes, an opportunity to negotiate long-term leases, not to exceed thirty-five years, with DLNR for the parcels upon which their farms are presently located. The bill further stipulates that the residents must meet the qualifications of a bona fide farmer as defined in Section 171-68(a)(2) and (3), Hawaii Revised Statutes.

Your Committee notes its intent that this bill cover pastoral as well as equestrian uses of land such as the use currently being made of land by Town and Country Stables and that present lessees and permittees using the land for pastoral and equestrian purposes be eligible for the long term leases authorized by this measure. Your Committee finds that such uses are for agricultural purposes for the purpose of this bill.

Your Committee has amended the bill by replacing the terms "resided," "residents," and "reside" with "farmed," "farmers," and "farm," respectively, to clarify that the purpose of the bill is to provide for long term agricultural leases.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 559, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 559, S.D. 1, H.D. 1, C.D. 1.

Representatives Levin, Souki, Kanoho, Tajiri and Isbell,
Managers on the part of the House.

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

Conf. Com. Rep. 24 on S.B. No. 1729

The purpose of this bill is to control the rental of private residences to groups of unsupervised or unrelated individuals by more clearly defining the types of facilities which require county licensure.

The bill adds two new sections to Chapter 46, Hawaii Revised Statutes, and one new section to Chapter 445, Hawaii Revised Statutes, which provide for the authority of the counties to conduct administrative inspections under specified

circumstances, and to apply for warrants to do so. The additional sections also set out the proper procedure for such actions.

The bill further includes reference to group homes, group residences, and group living arrangements as accommodations falling within Chapter 445 and requires applicants for licenses to operate such accommodations to first secure a certificate from the appropriate county agency acknowledging inspection and compliance with applicable codes.

Further provisions require the licensee to keep records identifying clients, and prevent the unlicensed, uncertified and uncontracted delivery of health care by the subject facilities. Also, the bill requires that designated persons wishing to conduct inspections of licensed facilities must be accompanied by a police officer and have a reasonable suspicion that the chapter is being violated.

Your Committee, after considering all of the ramifications and implications of this measure, has agreed to amend the bill to:

(1) Delete the reference to seizure of property pursuant to an administrative subpoena;

(2) Delete Section 2 of the bill relating to the presence of a police officer during inspections;

(3) Transfer the definition of "premises" from Chapter 445 to Chapter 46. Premises would be defined as lodging or tenement houses, group residences, group living arrangements, hotels, boardinghouses, or restaurants as further defined in Section 445-90, or any like facility serving unsupervised or unrelated individuals;

(4) Add a section to Chapter 445 providing that a facility owned or used by a government agency or by a non-profit agency which is registered with the Department of Commerce and Consumer Affairs and providing services by contract for a government agency shall be exempt from the chapter;

(5) Simplify the definition of "noisy or disorderly conduct" in Chapter 445 by incorporating by reference the definition of that term contained in Chapter 711;

(6) Provide that police, agents of the licensing department, and agents of the appropriate county agencies responsible for compliance with the county's building and zoning codes shall at all times have access for purposes of inspections to enforce or administer Chapter 445 and other applicable laws or rules;

(7) Delete the proposed increase in the fine for operating unlicensed premises;

(8) Reduce the proposed increase in fine for violations of Chapter 445 from not less than \$1,000 nor more than \$2,000 per day to not less than \$100 nor more than \$1,000 per day for each violation; and

(9) Provide that any person who intentionally or knowingly obstructs or interferes with the progress of any authorized inspection pursuant to Chapter 445 shall be guilty of a misdemeanor.

Your Committee believes that this bill, as amended, will result in more effective regulation of group residences without unduly restricting the rights of residents or licensees.

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

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1729, S.D. 1, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1729, S.D. 1, H.D. 2, C.D. 1.

Representatives Shito, Metcalf, Arakaki, Leong and Ribellia,
Managers on the part of the House.

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

Conf. Com. Rep. 25 on H.B. No. 1841

The purpose of this bill is to provide for a second deputy director in the Department of Land and Natural Resources but includes provisions repealing the measure in the event a statewide water code is enacted which includes a section relating to an additional deputy.

Your Committee believes that an additional deputy is warranted even if responsibility for the water code is not assigned to the Department; therefore your Committee has amended this bill by deleting the provision which would repeal the proposed bill upon enactment of a statewide water code.

Your Committee on Conference is in accord with the intent and purpose of H.B. 1841, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. 1841, H.D. 2, S.D. 1, C.D. 1.

Representatives Levin, Fukunaga, Bunda, Say and Isbell,
Managers on the part of the House.

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

Conf. Com. Rep. 26 on S.B. No. 1318

The purpose of this bill is to transfer the housing finance, housing development, and residential leasehold functions of the Hawaii Housing Authority to the Department of Planning and Economic Development for administrative purposes. These functions would comprise a new Housing Finance and Development Corporation.

Your Committee has amended the bill as follows:

(1) Section 15 of the bill, which comprises the new chapter establishing the Housing Finance and Development Corporation, has been amended as follows:

(a) Section -3(b) has been amended by stating that the corporation shall be headed by a board of directors, rather than a commission, and that the board shall consist of eight members, of whom six shall be public members appointed by the Governor, and two of the public members shall be appointed at large. The remaining composition of the board is identical to that of the commission as provided in S.B. No. 1318, S.D. 2, H.D. 2.

(b) Section -3(c) has been amended to require the Governor, rather than the board, to select a chairperson and vice-chairperson from among the board members.

(2) Section 17 of the bill has been amended by adding Chapters 111, 356 inclusive, 359, 516, and 519, and in addition to Chapter 356, parts II and III, and Chapter 359G, with reference to the rights, powers, functions, and duties previously conferred on the Hawaii Housing Authority by the provisions of said chapters which are to be transferred to or conferred upon the Housing Finance and Development Corporation. Also added were provisions that all rules, regulations, etc., adopted or developed by the Authority to implement provisions of the Hawaii Revised Statutes which are reenacted or made applicable to the Corporation by this bill, in effect on the effective date of the Act, shall remain in full force and effect for not more than twelve months after the effective date of the Act, unless adopted by the Corporation pursuant to Chapter 91, Hawaii Revised Statutes. In that interim, every reference to the Authority in those rules, etc., is to be amended to refer to the Corporation. Further, all deeds and other documents executed by the Authority pursuant to the provisions of the Hawaii Revised Statutes which are reenacted or made applicable to the Corporation by this bill shall remain in full force and effect, and after the effective date of the Act, every reference to the Authority shall be construed as a reference to the Corporation.

(3) A new Section 19 has been added to provide that, notwithstanding Section -3 of Section 15 of the bill relating to the board of directors, three of the six initial public members of the board shall be selected by the Governor from among the public members of the Hawaii Housing Authority, and these three shall serve

for no more than the remainder of their Authority terms, provided that their combined membership on both boards shall not exceed eight consecutive years. The vacancies on the Authority resulting from the Governor's selection of the three public members of the Corporation shall be filled as provided by Section 26-34, Hawaii Revised Statutes.

(4) The addition of Section 19 has caused Sections 19 through 24 of this bill to be renumbered as Sections 20 through 25.

(5) Section 21, previously numbered Section 20, was amended by adding the provision that moneys payable from any revolving, special, or trust fund administered by the Authority are transferred to and made the obligations of the funds of the same names established under Section 15 of this bill.

(6) Section 23, previously numbered Section 22, has been amended by adding provisions that if S.B. No. 776, S.B. No. 1723, or H.B. No. 1512 are enacted, every reference to the Hawaii Housing Authority shall be amended to refer to the Housing Development and Finance Corporation, and the provisions of those bills shall be inserted into the new chapter added by Section 15 of this bill.

(7) The effective date of the bill, if enacted, was changed from July 1, 1988, to July 1, 1987.

Your Committee also made technical, nonsubstantive amendments to the bill, in most instances to correct obvious clerical errors.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1318, S.D. 2, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1318, S.D. 2, H.D. 2, C.D. 1.

Representatives Fukunaga, Hagino, Shito, Arakaki and Ribellia,
Managers on the part of the House.

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

Conf. Com. Rep. 27 on H.B. No. 652

The purpose of this bill is to establish minimum standards regulating the transportation, recycling and disposal of used oil.

Following its discussions on this bill, your Committee has agreed to the following amendments:

The definition for "Recycled used oil" which appears on page 2, line 1 of this draft has been reworded so that this definition describes a product instead of a process. This amendment clarifies that recycled use oil means "used oil that is reused or prepared for reuse as a petroleum product."

Item (2) under the section on "Exemptions" on page 2, lines 17 through 21 has been amended to clarify that the exemption extended to electric public utilities and other facilities which utilize industrial boilers applies only to the use of used oil as "specification" fuel which has been generated by the facility.

Subsection (a) under the "Prohibited acts" section which appears on page 3, lines 1 through 3 has been amended to include "new oil" and "recycled used oil" as items which are to be prohibited from being discharged into sewers, drainage systems, water courses and so on. This amendment broadens the prohibition and will facilitate more effective enforcement of this provision.

Subsection (d) also under the "Prohibited acts" section has been amended by prohibiting persons from marketing used oil for final disposal without first obtaining an authorization from the Department of Health. This amendment broadens this provision by encompassing the most common stages of the used oil cycle.

In addition, the section entitled "Used oil transport vehicles; identification required" which appears on page 3, lines 16 through 18 has been revised to allow the Department of Health to determine the vehicle identification standards which are to be met by used oil transporters on vehicles used for the transport of used oil.

Finally, your Committee has reduced the amount of funds to be appropriated to this Act to the sum of \$60,000.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 652, H.D. 2, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 652, H.D. 2, S.D. 2, C.D. 1.

Representatives Andrews, Souki, Hashimoto, Kanoho and Isbell,
Managers on the part of the House.

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

Conf. Com. Rep. 28 on S.B. No. 1154

The purpose of this bill is to amend the title of Chapter 211E, Hawaii Revised Statutes, to read "Hawaii Innovation Development Program" instead of "Hawaii Invention Development Program", add the definitions of "innovation", "inventor", and "loan" to Section 211E-1, and to provide an appropriation to the program's fund.

Your Committee upon further consideration has made the following amendments to S.B. No. 1154, S.D. 1, H.D. 2:

(1) The Department of Planning and Economic Development is required to adopt rules to prescribe the forms of financial participation the Department may engage in as a result of making a loan under the program, including but not limited to, warrants, options, or royalties on sales or earnings.

(2) The appropriation provided for the Hawaii Innovation Development Fund has been raised from \$1 to \$500,000.

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

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1154, S.D. 1, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1154, S.D. 1, H.D. 2, C.D. 1.

Representatives Levin, Souki, D. Ige, Kanoho and O'Kieffe,
Managers on the part of the House.

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

Conf. Com. Rep. 29 on H.B. No. 1138

The purpose of this bill is to establish a law for the regulation of dams and reservoirs including the establishment of powers and duties of the Board of Land and Natural Resources with respect to dam safety. Hawaii is one of three states which lack dam safety regulations and your Committee finds that such regulation is necessary for the protection of person and property.

This bill provides for the inspection and regulation of construction, operation, and removal of certain dams in order to protect the health, safety and welfare of the citizens of the State by reducing the risk of failure of such dams and reservoirs. This bill also established a dam safety program in Hawaii.

The bill has been amended by deleting the language in Section -4(b)(1) and (2) of Senate Draft 1 concerning limitation of liability. A provision providing that an owner or operator shall not be liable for damages as a result of only natural disasters such as earthquakes, hurricanes, or extraordinary rains of an average recurrence interval in excess of every two hundred fifty years has been substituted. It should be made clear, however, that it is not the intent of the Legislature in this bill to excuse an owner or operator of a dam or reservoir from responsibility for damages resulting from negligent conduct.

Section -5(b) specifies that the rules and orders promulgated under this Act regarding design and construction will not be required of owners of dams, reservoirs and appurtenant works existing on the effective date of this Act; however,

the rules and orders adopted which establish standards consistent with such design and construction for the operation, maintenance, and repair of dams and reservoirs are applicable to those dams, reservoirs and appurtenant works in existence on, and those constructed after, the effective date of this Act.

Your Committee has also made some technical amendments for clarification purposes.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1138, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1138, S.D. 1, C.D. 1.

Representatives Levin, Souki, D. Ige, Tajiri and Isbell,
Managers on the part of the House.

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

Conf. Com. Rep. 30 on S.B. No. 456

The purpose of this bill is to establish a definition of "thrill craft" under the boating law, prohibit a person of less than fifteen years of age from operating a thrill craft, and defining an occurrence resulting in \$200, instead of \$100, of vessel damage as a "boating accident".

Both Houses are in agreement that the operation of thrill crafts by persons under fifteen years of age should be prohibited. At least one death has occurred from the operation of a thrill craft by a very young person. Your Committee finds that the safe use of a thrill craft requires a certain degree of maturity and physical skill and that the age restriction in the bill reflects that degree and is necessary to protect the public health and safety.

The bill has been amended as follows:

(1) Provisions have been added to the new section in Chapter 267, Hawaii Revised Statutes, to require the Department of Transportation by rules to designate areas in which thrill crafts may be operated and to prohibit, from July 1, 1988, a person from operating a thrill craft in the waters of the State, except in areas designated by the department and through areas designated by the department as avenues for ingress from and egress to the shore.

(2) A new section has been included to amend Section 267-4, Hawaii Revised Statutes, to require the Department of Transportation to adopt rules to designate the areas.

The nature of thrill crafts require their operation in calm, nearshore waters, which are also used by persons engaged in nonmotorized water activities, such as swimmers, divers, and paddlers. Because of the size and speed capability of thrill crafts, nonnecessity of any appreciable skill for operation, and lack of operator qualifications, swimmers, divers, and paddlers are exposed to serious injury or death when thrill crafts are in the vicinity. Thus, your Committee finds that the commingling in waters of thrill crafts and persons engaged in nonmotorized water activities is a threat to the public health and safety, justifying strict regulation.

Moreover, your Committee finds that thrill crafts have caused a significant deterioration of the environment. They are extremely noisy and leave a turbulent wake, resulting in the reduction of the pleasure of others engaged in water activities, driving away or otherwise disturbing aquatic life, and erosion of Hawaii's valuable shoreline.

For these reasons, your Committee finds that the protection of the public health and safety and preservation of the general welfare require the prohibition of thrill craft operation in the waters of the State, except in areas and avenues of ingress and egress designated by the Department of Transportation. It is the intent of your Committee that the areas in which thrill crafts may be operated, other than the avenues of ingress and egress, be designated in a manner that preserves safety in, or prevents extreme disturbance of, the following areas: areas customarily used by swimmers, divers, and paddlers; areas where fishing, net laying or throwing, or crabbing is conducted, popular beaches; commercial

and small boat harbors; reefs which are the habitats of aquatic life; marine sanctuaries and reserves; and the spawning, mating, or feeding grounds or migratory routes of aquatic life.

It is also the intent of your Committee that the areas designated as avenues for ingress and egress: be narrow and linear to the extent possible; not transverse areas customarily used by swimmers, divers, and paddlers; not proceed through marine sanctuaries and reserves or the spawning, mating, or feeding grounds or migratory routes of aquatic life; and be used by thrill craft operators only to enter and leave the areas designated for operation. Your Committee does not intend that thrill crafts be allowed to run circles or patterns or remain for long periods in the avenues for ingress and egress.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 456, S.D. 1, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 456, S.D. 1, H.D. 2, C.D. 1.

Representatives Bunda, Oshiro, Bellinger, Hashimoto and O'Kieffe,
Managers on the part of the House.

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

Conf. Com. Rep. 31 on H.B. No. 371

The purpose of this bill is to clarify and strengthen joint decision making in public sector collective bargaining and to improve election and representation proceedings under Chapter 89.

Specifically, the bill changes the unit designation for bargaining unit 10 under Section 89-6 (a); establishes a standard for review of the showing of interest required to support a petition for decertification under Section 89-7; and expands upon subject matters for mandatory bargaining under Section 89-9.

Your Committee recognizes that the current designation of public employees in Unit 10 as "non professionals" can be deemed offensive and derogatory by public workers. Accordingly, the unit description for Unit 10 is amended to read "institutional, health and correctional workers". No change in bargaining unit composition is intended thereby.

Your Committee has carefully reviewed the current procedures and standards established to verify that petitions seeking decertification of employee representatives are truly supported by public employees in sufficient number. Under current law, any petition before the Hawaii Labor Relations Board for a representation election requires support from thirty percent of the affected bargaining unit evidenced by petitions which have been signed within six months of the filing for an election. There is no procedure established by the Board to verify employee signatures and to insure that the true desires of the petitioning employees is shown in a timely and appropriate manner. Since the potential for fraud, misrepresentations, and other misdeeds exists, Section 2 of this bill requires the Board to insure that a valid and adequate showing of employee interest in a decertification proceeding is clearly demonstrated. The bill also provides appropriate and prompt judicial review of any determination of the board before any election is conducted whenever a valid challenge to a showing of interest is presented. To insure that these reforms in representation cases are implemented promptly, this Act shall apply to any and all proceedings which commenced on March 15, 1987 and thereafter before the Board.

Your Committee has reviewed and carefully considered the history of collective bargaining in the public sector since 1970. We find that public employers and representatives of public employees have come to share and develop a relationship of mutual trust and respect. An examination of collective bargaining agreements which have been jointly produced by the public employers and unions indicate no infringement on the merit principles or the principle of equal pay for equal work. Furthermore, your Committee finds that while negotiated contracts contain numerous sections governing employee examinations, hirings, promotions, demotions, discharges, disciplinary actions, lay offs, and matters which affect the operations of government, there has been no compromise of managerial prerogatives which assure us that the mission of government is efficiently carried out.

In spite of these collective bargaining agreements, which are the end product of joint decision making, a literal reading of Section 89-9(d) could result in an effort to invalidate contract provisions based on claims of "management rights". Your Committee finds that a literal reading of Section 89-9(d) is absurd and would undermine the very purpose of Chapter 89. Accordingly, we have amended Section 89-9(d) to include among the mandatory subjects of bargaining procedures affecting promotions, transfers, suspensions, demotions, discharges, other disciplinary actions, lay offs, and other related subjects.

Your Committee finds that Section 89-9(d) cannot be properly construed without reference to Section 89-9(a). Under Section 89-9(a) employee examinations, hirings, promotions, transfers, assignments of work, demotions, discharges, disciplinary actions, and lay offs are clearly covered as "terms and conditions of employment". These subjects are mandatory subjects of bargaining. We further note that the Labor Management Relations Act, 29 U.S.C. § 141 et. seq., on which Chapter 89 was modelled, has been consistently interpreted to include as mandatory subjects such matters as seniority, promotions and transfers (United States Gypsum Co., 94 NLRB 112), lay offs (Hilton Mobile Homes, 155 NLRB 173), and discharges (National Licorice Co. v. NLRB, 309 U.S. 350).

By amending Section 89-9(d) to permit bargaining on procedures relating to promotions, transfers, suspensions, demotions, discharges, other disciplinary actions, and lay offs, your Committee intends to restrict the scope of Section 89-9(d) (as literally read) and to permit broader latitude in bargaining. With these amendments to Section 89-9(d), your Committee seeks to allow bargaining on the substance as well as the procedures related to examinations, hirings, promotions, demotions, discharges, disciplinary actions, and other such "terms and conditions of employment". We believe that joint decision making and the promotion of harmonious and cooperative relationships between government and employees will be achieved thereby.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 371, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 371, H.D. 1, S.D. 1, C.D. 1.

Representatives Takamine, Cachola, Oshiro, Tungpalan and Medeiros,
Managers on the part of the House.

Senators Nakasato, Mizuguchi and Reed,
Managers on the part of the Senate.

Conf. Com. Rep. 32 on H.B. No. 1227

The purpose of this bill is to appropriate \$250,000 to the Department of Planning and Economic Development for a study on the feasibility of establishing a space industry in Hawaii and \$50,000 to support the International Space Conference to be held in Hawaii in August, 1987.

Your Committee agrees to provide funding in full for the feasibility study, funds for the International Space Conference, and additional funding, for a total of \$450,000.

After funding the feasibility study and the International Space Conference, approximately \$105,000 will remain available. These funds are to be used to begin follow-up studies as may be indicated as a result of the findings of the initial feasibility study, and for informing the public of the State's space-related plans and to receive the community's input. The Department of Planning and Economic Development is encouraged to solicit additional resources from the private sector and other governmental entities in order to fully accomplish these objectives.

Your Committee has amended this resolution by reorganizing existing sections and language of the bill. Your Committee has added "study of the potential impact of a space facility on the astronomical facilities on Mauna Kea" to the list of areas to be considered in the study. This was done by inserting a new number twelve (12) and renumbering the areas designated for study. The words "a satellite launch facility and" have been deleted from page 5, line 2; the words "a major space center" remain. Your Committee has also amended the appropriation paragraph to appropriate \$450,000, in general, to be expended by the Department of Planning and Economic Development for purposes of this Act.

Your Committee on Conference is in accord with the purpose and intent of H.B. No. 1227, H.D. 2, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. 1227, H.D. 2, S.D. 2, C.D. 1.

Representatives Levin, Souki, Hashimoto, D. Ige and O'Kieffe,
Managers on the part of the House.

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

Conf. Com. Rep. 33 on H.B. No. 369

The purpose of this bill is to provide eligible employees with temporary disability insurance benefits for the duration of their disability.

Currently, subsection (b) of Section 392-21, Hawaii Revised Statutes, establishes a seasonality limitation. Mauna Loa Macadamia Nut Corp. v. Agsalud, Case No. 10754 (decided April 14, 1986) (Memorandum Opinion). Section 392-21(b) provides that an employee who becomes disabled is not entitled to receive temporary disability insurance benefits for periods of disability which coincides with periods during which the employee would not have earned wages because of the schedule of the employer's operations. Thus, seasonal employees would be deprived from receiving temporary disability insurance if they become disabled during the closing period of their seasonal engagement.

Upon consideration of the testimony and review of the relevant history of Chapter 392, your Committee finds that the seasonal limitation on benefits contained in Section 392-21(b) was applied to agricultural workers only. Therefore, this bill amends Section 392-21(b) to provide that agricultural workers whose benefits were previously limited by seasonal changes will no longer be so restricted. Agricultural workers shall be placed on equal footing with all other claimants under Chapter 392.

Section 392-21(b) was amended by deleting all of the language in that subsection which limited the agricultural workers entitlement to temporary disability benefits to certain periods of disability connected to an agricultural employer's schedule of operations.

The intent of this bill is consistent with the humanitarian purposes and remedial character of the employee benefit laws of Hawaii. By eliminating the seasonality limitation, which has been read to exist under subsection (b) of Section 392-21, this measure is intended to provide relief to agricultural employees.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 369, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 369, H.D. 1, S.D. 1, C.D. 1.

Representatives Takamine, Souki, Horita, Taniguchi and Medeiros,
Managers on the part of the House.

Senators Nakasato, Mizuguchi and Reed,
Managers on the part of the Senate.

Conf. Com. Rep. 34 on H.B. No. 489

The purpose of this bill is as follows:

(1) To ensure the continuation of the Board of Examiners in Optometry (Board) and its power and authority as provided for in Chapter 459, Hawaii Revised Statutes, by extending the chapter "sunset date" to December 31, 1993;

(2) To provide definitions of "board" and "directors";

(3) To increase the number of members of the Board from five to seven members. In addition to the currently specified two public members, five members would be required to be licensed optometrists who have practiced optometry for at least five years, one of whom shall be from a county other than Honolulu;

(4) To eliminate the requirement that an applicant for licensing examination be

a graduate of an American optometric college, school or university; and

(5) To establish reciprocity for licensure in optometry for any optometrist who is registered and licensed under the laws of any state or territory of the United States or any other jurisdiction with qualifications for licensure which equal or exceed those of Hawaii.

Your Committee has amended this bill by adding a new section which would amend Section 459-9, Hawaii Revised Statutes, by:

(1) Deleting provisions prohibiting advertising, except for advertising by means of false and deceptive statements or by statements which tend to deceive or defraud;

(2) Deleting provisions prohibiting house-to-house canvassing for the purposes of selling, advertising, or soliciting the sale of ophthalmic goods or services, and the peddling of ophthalmic goods from house-to-house or on the streets or highways; and

(3) Deleting provisions prohibiting the association of a licensee's practice with a commercial (mercantile) concern.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 489, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 489, H.D. 1, S.D. 1, C.D. 1.

Representatives Hirono, Bellinger, Hiraki, Yoshimura and Hemmings,
Managers on the part of the House.

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

Conf. Com. Rep. 35 on S.B. No. 957

The purpose of this bill is to allow the Hawaii Paroling Authority to utilize home detention as an alternative to parole and to authorize home detention as a discretionary condition of probation.

Home detention, under which a convicted person is confined to the person's home, is an alternative to incarceration which has been much discussed. The benefits of home detention include: easing of prison overcrowding; reduction of the cost of incarceration of inmates; and appropriateness as a meaningful sentence for first time offenders convicted of nonserious crimes. Other traditional approaches, such as suspended sentences, probation, and parole, have sometimes been unsatisfactory because of inadequate supervision of convicted persons. Although home detention also requires some supervision, the extent required is less.

Your Committee, however, is not prepared to endorse at this time the use of home detention to reduce the prison population, as some corrections reformers recommend. Your Committee does not intend, because of public safety considerations, that home detention be used to place on probation or release early, convicted persons who are in need of intensive supervision or who are not eligible or qualified for parole. Although technology, such as electronic wristlets, has been used in other jurisdictions to ensure intensive supervision under home detention, Hawaii has not reached a similar level of technological sophistication or expertise. Moreover, both the probation and parole offices lack adequate staffing to provide the level of supervision which would make home detention a viable alternative to incarceration or the granting of parole.

A pilot program is now being conducted by the Intake Service Center on the monitoring of pre-trial detainees by electronic wristlets. Your Committee wishes to evaluate the program prior to enlarging the scope of home detention.

Your Committee, upon consideration of this bill, finds that home detention should be a discretionary condition of probation in order to give the sentencing court the authority to impose an additional restriction on a probationer short of incarceration. Your Committee does not intend a court to use home detention as justification to sentence a convicted person to probation if the person would not otherwise be sentenced to probation under the existing discretionary conditions.

In addition, your Committee finds that the court should retain the discretion to permit the probationer to travel to other areas.

Based on the foregoing, your Committee has amended the bill by deleting Section 1 of the bill in order to eliminate home detention as an alternative to parole. Further, Section 2 of the bill was deleted as it made no substantive amendments to Section 353-66, Hawaii Revised Statutes.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 957, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 957, S.D. 1, H.D. 1, C.D. 1.

Representatives Hagino, Arakaki, Metcalf, Tom and Cavasso,
Managers on the part of the House.

Senators Menor, J. Wong and Reed,
Managers on the part of the Senate.

Conf. Com. Rep. 36 on S.B. No. 24

The purpose of this bill is to establish subsection (b) of Section 514A-82, Hawaii Revised Statutes, setting forth the requirements of the contents of condominium bylaws. The new subsection would identify those provisions of the bylaws which would have retrospective application beginning January 1, 1988.

Specifically, the new subsection (b) would contain the following elements of the bylaws:

- (1) The method of amendment of the bylaws;
- (2) The method of notifying members of the association of apartment owners of annual or special association meetings; and
- (3) Prohibitions and other conditions regarding the use of proxies.

Your Committee has amended the bill as follows:

(1) Deleted subparagraph (1) (F), relating to the method of removal from office of directors, from subsection (a), and placed it in subsection (b) with the following changes:

(A) Removal and replacement shall be in accordance with all applicable requirements and procedures in the bylaws for the removal and replacement of directors, including but not limited to any provisions relating to cumulative voting;

(B) The association's record of ownership shall be used for determining if a petition has been signed by not less than twenty-five percent of apartment owners; and

(C) If the secretary or managing agent fails to send the notice for a special meeting on time, the petitioners would have the authority to set the time, date, and place for the special meeting and to send notices thereof in accordance with the bylaws;

(2) Clarified that any apartment owner who submits a petition to amend the bylaws must be listed in the association's record of ownership;

(3) Provided for ratification of proposed bylaws by written consent as well as by vote, as long as such is obtained within 120 days after mailing of the ballots; and

(4) Prohibited submission for one year of a petition for a proposed bylaw which is substantially similar to one previously mailed to the owners.

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

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 24, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final

Reading in the form attached hereto as S.B. No. 24, S.D. 1, H.D. 1, C.D. 1.

Representatives Hirono, Andrews, Hagino, Hiraki and Medeiros,
Managers on the part of the House.

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

Conf. Com. Rep. 37 on S.B. No. 1395

The purpose of this bill is to reduce the high cost of motorcycle and motor scooter insurance, and to increase the availability of motorcycle and motor scooter liability insurance coverage.

Presently, motorcycles and motor scooters are exempt from the no-fault law. However, owners and operators are required to obtain liability insurance coverage as provided under Section 294-12.6, Hawaii Revised Statutes.

Specifically, this bill requires insurers to offer, at the option of the owner, liability coverage in excess of limits required by law, and increases the minimum required level of personal injury liability coverage from \$25,000 to \$35,000. The bill also deletes the provisions which do not allow an exemption for motorcycles or motor scooters to Sections 294-4, relating to "Obligation to pay no-fault benefits", 294-6, relating to "Abolition of tort liability", and 294-10, relating to "Required policy coverage", in the case of accidental harm to a passenger or a pedestrian arising out of a motorcycle or motor scooter accident.

Further, the bill requires insurance applicants to either obtain a valid motorcycle or motor scooter license, or obtain a permit and pass a motorcycle education course approved by the Department of Transportation. Your Committee finds that the neighbor islands may require additional time to implement the education course, and has therefore amended the bill so that these requirements would take effect after January 1, 1988.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1395, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1395, S.D. 1, H.D. 1, C.D. 1.

Representatives Hirono, Bellinger, Hagino, Hiraki and Jones,
Managers on the part of the House.

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

Conf. Com. Rep. 38 on S.B. No. 341

The purpose of this bill is to require a depository bank to provide a written notice of its check hold policy and fund availability for local, out-of-state, and foreign checks drawn on U.S. financial institutions when a checking account is opened or when there is a change in bank policy.

Your Committee notes that Congress presently is considering the issue of funds availability for local and nonlocal checks, and a system for expediting the return of unpaid checks and for direct notification to financial institutions of non-payment.

Your Committee finds that the requirement of disclosing information will allow customers to compare the check hold practices of the different financial institutions.

Your Committee has amended the bill by authorizing the Commissioner of Financial Institutions to establish by rules reasonable periods for check hold and fund availability with respect to local, out-of-state, and foreign checks drawn on U.S. financial institutions.

Your Committee has also amended the bill by deleting the definition of "payor" in the last paragraph of Section 490:4-213(4)(b) in order to be consistent with the deletion of the words "or payor" on page 2, line 2 of the bill (page 2, line 1 of the conference draft), and by making nonsubstantive technical changes to

conform the bill with recommended statutory drafting style.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 341, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 341, S.D. 1, H.D. 1, C.D. 1.

Representatives Hirono, Bellinger, Hayes, Hiraki and Hemmings,
Managers on the part of the House.

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

Conf. Com. Rep. 39 on S.B. No. 5

The purpose of this bill is to establish a Department of Corrections which shall be responsible for the formulation and implementation of State policies and objectives for adult correctional programs and for the administration and maintenance of all adult correctional facilities and services. The bill provides for the placement of the Criminal Injuries Compensation Commission, the Hawaii Paroling Authority, and the Hawaii Criminal Justice Commission under the Department of Corrections for administrative purposes. The bill also transfers the intake service centers, the Capitol security guards, and the Judiciary's functions relating to the transport of correctional facility inmates for required court appearances to the Department of Corrections.

Your Committee upon further consideration has agreed that the Department of Corrections should start on a small scale, including primarily the corrections component of the Department of Social Services and Housing. Accordingly, the transfer of probation and parole supervision and State law enforcement functions have not been included in the new department. For the same reason the sweeping changes to the correctional industries program have also been excluded from this bill. Your Committee has made the following amendments to the bill:

(1) Youth corrections functions have been temporarily placed in the Department of Corrections for a period of two years during which time an interdisciplinary committee shall study the issue of proper organizational placement of juvenile corrections with due consideration to the State's philosophy on treatment of juveniles.

(2) The Criminal Justice Data Center has been removed from the bill and will remain with the Department of the Attorney General.

(3) State law enforcement officers have been removed from the bill and will remain with the Department of the Attorney General.

(4) A provision was added to the bill to clarify the authority of the Hawaii Paroling Authority in revoking or suspending parole when it believes that the parole violation presents a risk to community safety or a significant deviation from any parole condition.

(5) A provision from the Senate version was added concerning the transmittal of certain records to the Department of Corrections when a child is committed by the Family Court to the care of the Director of Corrections.

(6) A provision from the Senate version was added to designate the Director of Corrections instead of the Director of Social Services as a member of the Juvenile Justice Interagency Board.

(7) The provisions extending the life of the Criminal Justice Commission to 1992 and amending the Commission's functions were deleted.

(8) The provision authorizing the Deputy Director of the Department of Social Services and Housing to name a designee to be the Acting Director of Corrections pending the appointment of the Director of Corrections was deleted.

(9) Technical, nonsubstantive changes were made for purposes of correcting typographical errors, clarity, and style.

In agreeing to the temporary two-year placement of youth corrections within the Department, your Committee feels that further study is needed to resolve the

issues concerning the philosophy of youth corrections and its proper organizational placement. There are those who believe that most of the youth who are placed within the Hawaii Youth Correctional Facility are the most incorrigible juveniles; therefore, security is an important component. A Social Services Department may be ill-equipped to provide security and treatment programs for hard-core youths who, in some instances, are more difficult to deal with than some adult offenders. On the other hand, there are those who feel very strongly that the potential for rehabilitation with youthful offenders is far greater than with adult offenders; therefore, greater emphasis on educational, vocational, social counseling, and other rehabilitative programs is required. A Corrections Department may not have the full range of social services-oriented staff nor the proper philosophical atmosphere to provide such programs. Your Committee also recognizes that while Hawaii's juvenile justice laws are skewed toward a rehabilitative treatment approach, current policies and practices relating to youth corrections do not consistently facilitate and promote rehabilitation.

Your Committee is hopeful that the interdisciplinary committee established in this bill will provide the proper forum to thoroughly examine these youth corrections concerns and recommend appropriate actions for the final resolution of the organizational placement of youth corrections.

Your Committee believes that the placement of youth corrections in the Department of Corrections, at this time, is the most appropriate and feasible course of action. If youth corrections remains in the Department of Social Services and Housing, the Department would not be equipped to handle youth corrections as the Corrections Division support staff would be transferred to the Department of Corrections.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 5, S.D. 2, H.D. 3, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 5, S.D. 2, H.D. 3, C.D. 1.

Representatives Crozier, Hagino, Metcalf, Souki and Medeiros,
Managers on the part of the House.

Senators Menor, Yamasaki, Hee, J. Wong and Reed,
Managers on the part of the Senate.

Conf. Com. Rep. 40 on H.B. No. 1849

The purpose of this bill is to prevent the potential contamination of ground water resources with pesticides by prohibiting the mixture of pesticides with water which can occur when a pesticide mixing tank is connected with a hose with a well-head.

Your Committee has agreed it is appropriate to place this amendment in the Pesticide Law, Chapter 149A, rather than the Safe Drinking Water Act, Chapter 340-E, because, while we are trying to protect the water supply, it is the safe mixing of pesticides we are trying to control. Potable drinking water wells are protected under Chapter 340-E. Placing this amendment in Chapter 149A will assure the administration of the law by the Department of Agriculture to prevent contamination of irrigation wells. The Department should include this requirement in its pesticide applicator's training program and provide for field checking by DOA's pesticide inspectors.

Your Conference Committee has made a technical change of no substantive effect.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1849, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1849, H.D. 1, S.D. 1, C.D. 1.

Representatives Levin, Andrews, Bunda, D. Ige and Isbell,
Managers on the part of the House.

Senators Hagino, Solomon and Reed,
Managers on the part of the Senate.

Conf. Com. Rep. 41 on S.B. No. 1007

The purpose of this bill is to specify the conditions under which informed written consent for human immunodeficiency virus (HIV) antibody testing must be obtained.

Your Committee finds that there is a need to safeguard the disclosure of test information by means of informed written consent because of the serious nature of the HIV antibody test and its potential adverse or discriminatory ramifications.

Exceptions to the requirement of informed written consent would be allowed for the use of anatomical gifts for scientific purposes; legitimate scientific or medical research (as long as the identity of the test subject is safeguarded); anonymous testing carried out at HIV test sites, in which case only informed oral consent would be required; and for testing of body fluids or tissue which is ordered by a third party.

In addition, confidentiality of all records would be provided by reference to section 325-101, Hawaii Revised Statutes, and violations of the informed written consent requirements would be punishable by a fine of not less than \$1,000 nor more than \$10,000 for each violation, plus reasonable court costs and attorney's fees payable to the person whose records were released.

Your Committee, in order to further safeguard against the inappropriate disclosure of test information and protect the health of test subjects and health care providers, has amended the bill as follows:

(1) Clarified that the exception to informed written consent for disclosure to third parties shall only be granted so long as the third party, including but not limited to insurance companies, employers, and schools, obtains the informed written consent of the person to be tested authorizing release of the test results to the third party, and transmits a signed copy of the written informed consent to the health provider prior to any release of the requested test results to the third party;

(2) Authorized exceptions when there is reason to believe that the safety of the client may be in imminent jeopardy because of possible HIV infection;

(3) Authorized exceptions when there is reason to believe that the safety of a health care provider may be in imminent jeopardy due to exposure to the blood or bodily fluids of a patient suspected of HIV infection. Exposure may consist of a prick of a needle, blood exposure to a wound during surgery or any other medical procedure, or bodily fluid exposure due to a splash accident or contact on a mucosal surface or open wound; and

(4) Provided that no health care provider, blood bank, plasma center, or any other public or private agency, institution, or individual who in good faith provides results of any HIV test to a specified third party in response to an informed written consent, shall be in violation of confidentiality requirements if the test results later prove to be false or otherwise defective.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1007, S.D. 1, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1007, S.D. 1, H.D. 2, C.D. 1.

Representatives Shon, Metcalf, Hayes, Leong and Cavasso,
Managers on the part of the House.

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

Conf. Com. Rep. 42 on S.B. No. 815

The purpose of this bill is to require that every legislative measure proposing to mandate health insurance coverage for specific health services be accompanied by a report by the Legislative Auditor assessing the social and financial aspects of the proposed measure.

Over the years, various health care providers or proponents have introduced an increasing number of legislative proposals to mandate coverage of various

services in health insurance or health plan contracts. This bill would provide for a systematic review of proposed mandatory health coverages, evaluating all ramifications of the proposed legislation, to assist legislators in determining whether mandating coverage of a particular health service is in the public's best interest. Your Committee finds that an independent review would be of particular utility in instances where proponents and opponents of such legislation provide differing cost estimates of the proposed health insurance coverage.

Your Committee further notes that the 1987 Legislature is considering several measures which would mandate new health insurance coverages. The measures include:

- (1) S.B. No. 518, S.D. 2, H.D. 2, which would mandate child health supervision services;
- (2) S.B. No. 1173, H.D. 1, and its companion H.B. No. 343, which would mandate health insurance coverage for chiropractic service; and
- (3) S.B. No. 986, S.D. 2, H.D. 1, and its companion H.B. No. 885, which would mandate health insurance coverage for alcohol and drug abuse and mental health treatment services.

In view of the potential social and financial impact of these measures on the consumers of this State, your Committee believes it appropriate to require that the three above-referenced measures and their companions undergo the "sunrise" review proposed in this bill and has therefore amended the bill to require a study on these bills in 1987.

Your Committee has further amended the bill by adding an appropriation of \$50,000 to the Legislative Auditor's office for the purpose of implementing the study for the above-referenced bills; designating the Legislative Auditor as the expending agency for the appropriation; requiring the Legislative Auditor to submit a report of its findings and recommendations to the Legislature in 1988; and changing the effective date to July 1, 1987.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 815, S.D. 1, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 815, S.D. 1, H.D. 2, C.D. 1.

Representatives Shon, Hirono, Hiraki, Tom and Ribellia,
Managers on the part of the House.

Senators Cobb, Blair, B. Kobayashi, Matsuura and Ikeda,
Managers on the part of the Senate.

Conf. Com. Rep. 43 on S.B. No. 619

The purpose of this bill is to require all private firms engaged in the activity of cesspool pumping to be certified by the State Board of Certification established under Chapter 340B, Hawaii Revised Statutes.

Your Committee finds that numerous wastewater treatment facilities have been experiencing operational problems due to the discharge of prohibited waste into the municipal sewer system. Samples of the wastewater entering the facilities revealed high concentrations of oil and chemical waste products. Investigation of the commercial establishments connected to the sewer systems indicated that much of the prohibited waste discharges were from private cesspool pumping firms.

Currently, only those individuals who operate wastewater treatment plants are required to be certified by the Board of Certification. This bill requires certification and licensure of private firms engaged in activities of cesspool pumping.

Your Committee, upon consideration of this bill and the testimony from the Department of Health, finds that firm standards for certification of private cesspool pumping firms is needed to control the illegal dumping activities of these private firms as well as safeguard the quality of our health and environment. Your Committee has, therefore, amended the bill to strengthen the purpose and intent of this bill as follows:

(1) Deleted all references to licensure. The provisions relating to licensure have been incorporated into the requirements for certification;

(2) Amended the new section on certification by requiring private firms to be certified prior to engaging in cesspool pumping; establishing an application procedure; giving the Board rule making authority; establishing reporting requirements for private firms; exempting federal, state and county agencies from the provisions of this new section; and providing for revocation, suspension and denial of certification;

(3) Deleted Section 3, in its entirety, as the definition of "individual wastewater system" in Chapter 342, Hawaii Revised Statutes, was determined to be unnecessary to further control illegal cesspool pumping by private firms;

(4) Added brackets to remove existing statutory brackets around "Chapter 340B" in line 4, page 1; and

(5) Provided that the bill shall take effect upon its approval except for the requirement of firms being certified which shall take effect on January 1, 1988. This will allow the Board time to establish rules and procedures to implement the certification process.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 619, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 619, S.D. 1, H.D. 1, C.D. 1.

Representatives Shon, Hagino, Hayes, Kawakami and Ribellia,
Managers on the part of the House.

Senators Hagino, Nakasato and Reed,
Managers on the part of the Senate.

Conf. Com. Rep. 44 on S.B. No. 1525

The purpose of this bill is to make substantive changes, as proposed by the Insurance Commissioner, to H.B. No. 410, H.D. 1, which represents the complete rewrite of Hawaii's insurance laws. The more significant changes proposed by this bill would:

- (1) Establish a definition of general business practice;
- (2) Establish grounds for the Insurance Commissioner to refuse, suspend, or revoke an insurer's certificate of authority after a hearing;
- (3) Allow a domestic insurer to effect or maintain bonafide hedging transactions;
- (4) Permit an insurer to invest in a bank's common trust fund and mutual funds and allow the creation of separate accounts from which retirement and pension plans may be established;
- (5) Establish the criteria governing when a domestic insurer may organize or acquire subsidiaries;
- (6) Establish the criteria and procedures for the making of motor vehicle insurance rates;
- (7) Create a new article relating to the establishment and regulation of an insurance holding company system;
- (8) Require that all policy revisions which alter coverage shall be filed with the Commissioner;
- (9) Provide the procedure for a domiciliary liquidator's proposal to distribute assets after a final determination of insolvency by an insurer and the priority of distribution of claims from the insurer's estate;
- (10) Require an association to submit a plan of operation to the Commissioner; and

(11) Provide the criteria for the use of reinsurance reserves in liquidation, dissolution or insolvency.

This bill was submitted as part of a comprehensive review of the current insurance law. Your Committee finds that the changes to the law proposed in this bill will improve the regulation of insurance in the State.

Your Committee, upon consideration, has amended this bill as follows:

(1) Added an effective date of July 1, 1988 rather than upon approval only if H.B. No. 410, H.D. 1, S.D. 1, C.D. 1, in any form passed by the Legislature, Regular Session of 1987, becomes an Act, in lines 11-14, page 87;

(2) Added after the word "practice," "any act" in line 18, page 2, to provide clarification on this provision;

(3) Deleted after the word "article" the number "3" and substituted number "1" in its place, to correct a typographical error that was left undetected from an earlier draft, on page 25, line 14;

(4) Deleted after the word "prescribed," the sentences from "For purposes of this section" to the end of subsection (a), in lines 16-22, page 33 and lines 1-9, page 34, to correct a typographical error that was left undetected from an earlier draft; and

(5) Deleted after the word "therein," the sentence from "In applying the competitive standard" to the end of subparagraph (B), in lines 17 to 22, page 41 and lines 1-10, page 42 to correct a typographical error that was left undetected from an earlier draft.

The bill has been further amended to make technical, non-substantive changes for the purpose of clarity and style.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1525, S.D. 2, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1525, S.D. 2, H.D. 1, C.D. 1.

Representatives Hirono, Andrews, Hiraki, Shito and Hemmings,
Managers on the part of the House.

Senators Cobb, Blair, Nakasato and Ikeda,
Managers on the part of the Senate.

Conf. Com. Rep. 45 on H.B. No. 2

The purpose of this General Appropriations bill of 1987 is to appropriate funds for the operating and capital improvement costs of the executive branch for the 1987-89 fiscal biennium.

FINANCIAL AND BUDGETARY OVERVIEW

Funding requests before the Legislature this year were greater than in any previous year. The confluence of several circumstances--a new administration, increased tax revenue, and a new legislative session--may have served as a catalyst to encourage an optimism which has generated requests for major funding commitments in education, economic development, and human services. In approaching its appropriation decisions, the Legislature found with reasonable confidence that funds were available to meet many of the requests.

The general fund financial plan for the executive budget is based on the assumption that general fund tax revenues in the current fiscal year will increase by 7.9 percent over the actual revenues of FY 85-86. If that holds true, the general fund balance at the beginning of the next biennium is projected to be near \$90 million. That amount would provide the needed cushion should current expenditures outpace current revenues in FY 87-88, but it now appears that the short-range financial outlook is even more favorable.

The final report of the Council on Revenues submitted to the Legislature on March 13, projected that the general fund tax revenue increase from the previous

year to the current year will be 9.4 percent instead of 7.6 percent adding some \$21 million in revenues to the State. Further, actual tax collections for the first nine months of the current fiscal year, as reported by the Department of Taxation, have been funning at 13.2 percent.

Against this favorable short-term outlook, there are some factors which will eventually have to be taken into account. The current revenue projections are based on present tax laws and any changes in such laws could affect State tax revenue. The wage and benefit settlement between the State and the employee unions is another cost item that must be considered in the financial picture. Finally, a downturn in the national economy could also result in a drop in revenues.

Because the State is under a new administration, it is most appropriate that the Legislature provide the new administration with a financial base which allows major program commitments to be made. It is equally important that in providing this financial structure, the administration be held accountable for the use of the funds and that active fiscal oversight be an integral part of the Legislature's responsibility during this biennium.

In the remainder of this report, your Committee highlights some of the program and budgetary decisions which have been made for the 1987-89 fiscal biennium.

ECONOMIC DEVELOPMENT

Tourism. Recognizing tourism as the primary anchor in Hawaii's economy, a separate appropriation category has been established within the Department of Planning and Economic Development. Your Committee provided a substantial monetary commitment over two years for tourism marketing, promotion, and advertising in both domestic and foreign markets. Also, visitor destination programs on the neighbor islands will be strengthened, the community relations program will be enhanced, sporting events and new initiatives to increase visitor activities will be promoted, and the market research program will undergo continuing development.

With this commitment to tourism, your Committee expects the Department of Planning and Economic Development to strengthen the State tourism office, exercise strong leadership in this area, and prepare program and financial plans for a separate tourism program so that the funding provided can be used in an effective and systematic way.

Business Development. Loan program levels have been increased to provide greater support for the development of businesses. The Hawaii Capital Loan Program was given an additional \$2 million in the first year of the biennium.

Funds have been provided for marketing, promotion and industry development of Hawaii. Approximately \$5 million over two years will be used to establish a marketing program and other support services. It is anticipated that activities will include recruiting new industries, soliciting capital financing, stimulating the expansion of existing companies, and determining the marketability of Hawaii products and services in international markets.

Irradiation Facility. The current problems in placing Hawaii's papaya exports in mainland markets illustrates how necessary it is to find solutions that will be satisfactory to buyers as well as producers. Your Committee has provided funding for a demonstration irradiation facility to study the feasibility of low level irradiation as a means of improving the exportability of Hawaii's products.

Construction of Film Facility. Your Committee supports the State's developing movie production industry and has provided some \$7.2 million in capital improvement funding for the construction of a film facility.

Agriculture Promotion. Industry marketing support for diversified agriculture continues to be one of your Committee's major commitments in building a sound foundation for Hawaii's economy. Promotion funds have been provided for the major agricultural products produced in Hawaii including pineapples, papayas, coffee, and other products. These funds are to be matched by the industry.

TRANSPORTATION

Funds have been provided for the continued development of the State's airport facilities to accommodate the increasing visitor arrivals to Oahu and especially to the neighbor islands. In recognition of the importance of maritime facilities to the growth of new economic centers in the State, funds have been provided for the modernization and upgrading of harbor facilities in Kawaihae, Hilo, Kahului, Barbers Point, as well as Honolulu harbor.

ENVIRONMENTAL PROTECTION

Program funding has been provided for pesticide control and use. A pilot project for the safe disposal of hazardous agricultural pesticides, a mapping program to determine incidence of pesticide in the soil, and a pesticide drift educational program have been funded.

HEALTH

Child Abuse Prevention. Prevention continues to be the emphasis in the commitment to combat child abuse. Funds have been provided to expand services under the Healthy Start program to include most of the areas in the State with the highest incidence of child abuse. Other funds have been provided to expand child abuse prevention services and to provide early intervention in sex assault services.

Services to Developmentally Disabled. The recent decertification of much of Waimano Training School and Hospital has underscored the necessity to move systematically and with due speed toward deinstitutionalization. Expanded funding has been provided for group homes, day activity, and support services to accelerate placement of individuals in such programs.

Your Committee is concerned over the continuing increase in operating costs at Waimano. Accordingly, it is requesting the institution to submit a report detailing all actions taken to consolidate programs and activities and efforts to decrease expenses as a result of the reduced patient census at Waimano.

Adolescent Mental Health Programs. The absence of mental health services to "gap groups" is a major concern to your Committee. The Leahi inpatient children's unit has been expanded from a five-day program to a seven-day program with appropriate professional and nursing staff. In addition, first year funding has been provided for an adolescent day program.

Acquired Immune Deficiency Syndrome (AIDS). A committee has been funded as a recommending body for the community and government to provide support for people afflicted with AIDS.

SOCIAL SERVICES

Welfare Assistance. For the first time since the inception of the flat grant system, shelter payments will be included in the flat grant stipend. In addition, both the shelter and basic grant amounts have been increased by 10 percent.

A voluntary workfare program has been established for public assistance recipients. This will cover all public assistance recipients nor currently required to participate in an employment and training program under the federal law for food stamp recipients.

Family Abuse and Neglect. Major funding for child protective services, child care for the developmentally delayed and expanded support for sex abuse treatment and family abuse support services have been provided in the purchase of service program for the Department of Social Services and Housing. This is part of your Committee's commitment to establish a statewide baseline of services for children and families.

Hawaiian Home Lands. An unprecedented appropriation from the general fund has been made to the Department of Hawaiian Home Lands. General fund resources will enable the Department to reduce the waiting period for land grants, facilitate the development of homestead lands, and increase the number of home

construction loans to native Hawaiians.

LOWER EDUCATION

In reviewing the priorities for funding, your Committee has been guided by the perspective that the Department of Education should be accorded considerable flexibility. It has also been guided by the perspective that funding emphasis should be on those programs providing direct benefit to students and direct support to teachers and which enhance the learning environment in the schools.

Class Size Reduction. A significant portion of the additional appropriations have been allocated to class size reduction for kindergarten and first grade. The appropriations as well as additional positions will enable class size at these levels to be reduced from the present 26.15 to 1 to a 20 to 1 ratio. The funding provides for an additional 166 positions at cost of \$5.2 million in the first year and \$7.1 million in the second year.

Educational Superfund. A new funding concept will be employed which will provide the Superintendent of Education with both the authority and the resources to meet a wide variety of needs at the school level. Apart from the appropriations in the basic budget, an educational superfund of \$2 million will be available to the Superintendent over the next biennium. In consultation with district superintendents and school personnel, the Superintendent will use the superfund for additional furnishings, supplies, and equipment for schools with priority given to those expenditures which directly benefit students.

Core Learning. Significant new resources are also being appropriated to improve instruction in the core subjects for high school students. For FY 1987-88, \$1.1 million will be used to strengthen core subject studies and for FY 1988-89, \$1.3 million.

Educational Assistants for Intermediate Schools. For the intermediate grades additional funds in each year will enable educational assistants to be hired to improve instructions.

Gifted and Talented Students. Programs for gifted and talented students will be enhanced by additional appropriations of almost \$1 million each year.

In-service Training for Teachers. Additional appropriations have been made for in-service training to be conducted for more teachers than has been possible in the past. One of the purposes of the appropriations is to enable substitute teachers to be assigned to classrooms when in-service training for regular teachers is held during working hours.

Renovation and Expansion of Hawaii State Library. Some \$8.4 million in capital improvement funds have been provided for the renovation and expansion of the Hawaii State Library, Main Branch.

HIGHER EDUCATION

Your Committee supports the University of Hawaii's commitment to excellence and has funded programs consistent with the University in achieving its goal.

In the review of the executive budget and the supplemental budget request, a number of key factors were considered, including the continued desirability for an "open door" policy for the higher education system. Therefore, your Committee has provided additional resources to the community college system and the Hilo campus which together serve more than one-half of the total enrollment in the University system.

Further, your Committee has allocated \$20 million for new programs or enhancement of programs consistent with the University of Hawaii's strategic plan and the Board of Regents' priority requests for funding.

College of Marine and Earth Sciences and Technology. Your Committee supports the establishment of this new college. With the Mauna Kea observatory complex destined soon to be the most important center in the world for astronomical studies together with other developments, your Committee believes that programs which capitalize on Hawaii's unique setting and natural resources hold the

greatest promise for development and excellence.

Facility Improvement Projects. Funds have been authorized for asbestos and PCB transformer removal and for the completion of renovations to various buildings on the Manoa Campus and at Honolulu Community College. Additional funds have been provided for the continuing development of Kapiolani Community College at the Diamond Head campus. The installation of communications and electrical infrastructures and the initiation of Phase II of the access road to the Mauna Kea Observatory are necessary elements in the establishment of Mauna Kea as the home of the world's largest telescopes. Design funds have also been authorized for the development of a new Pacific Ocean Science and Technology Center.

CULTURE AND RECREATION

Many cultural activities in Hawaii are supported through the State Foundation on Culture and the Arts, and adequate funding provisions have been made for the Foundation. In addition, your Committee has determined that specific funding support should be provided to several prominent cultural organizations, including the Honolulu Symphony and the Bishop Museum.

PUBLIC SAFETY

The basic commitment in the area of corrections has been to meet the requirements of the consent decree and to begin to address corrections as a separate social issue through the establishment of a Department of Corrections. This year funds were provided to expand social and rehabilitation programs.

INDIVIDUAL RIGHTS

Your Committee has been concerned about the recent problems and costs to consumers in the securities fraud and health insurance areas. Therefore, appropriations have been provided to establish a securities fraud unit to investigate consumer complaints. It is estimated that Hawaii consumers lose approximately \$4-5 million annually.

The expanding variety of health care insurance plans being offered to Hawaii's citizens has prompted your Committee to provide moneys for a temporary health care insurance consultant to review and evaluate current products, laws and regulations, to propose statutory and regulatory amendments, and to develop and establish a consumer education program.

GOVERNMENT WIDE SUPPORT

Taxation. Your Committee is concerned with what is apparently a significant number of individuals who should, but do not, pay taxes to the State. The tax system is based on voluntary compliance, and if there are large numbers who do not pay their taxes, not only does the State lose revenues but public confidence in the system is undermined. An appropriation of \$500,000 for personnel will comprise a concentrated effort to bring non-filers into compliance.

Asbestos Litigation and Survey. Some \$600,000 for a survey of State owned buildings to determine the presence of asbestos has been provided to establish evidence to be used in litigation to recover replacement and renovation costs. In addition a litigation unit has been established for such cases.

Electronic Data Processing Services. Funds have been provided for the continued development of electronic data processing services to support more effective and efficient State operations. In the interest of ensuring that EDP development proceeds systematically and State agencies attain levels of automation in the most cost-efficient manner, your Committee has requested a comprehensive study and plan for the future of electronic data processing and data communications for State government. Another related development will be the dissolution in fiscal year 1987-88 of the communications program in the Department of Accounting and General Services. This program will be assumed by the newly created telecommunications program in the Department of Budget and Finance, thereby integrating voice and data communications.

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

Representatives Souki, Arakaki, Fukunaga, Horita, D. Ige, M. Ige, Ihara, Kanoho, Kawakami, Leong, Tajiri, Tungpalan, Cavasso, Isbell and Marumoto,
Managers on the part of the House.

Senators Yamasaki, Aki, Blair, Fernandes-Salling, Hagino, B. Kobayashi, Matsuura, Mizuguchi, Nakasato, Young, Henderson, Ikeda and A. Kobayashi,
Managers on the part of the Senate.

Conf. Com. Rep. 46 on H.B. No. 208

The purpose of this bill is to clarify that a minor who commits murder in the first or second degree is subject to a mandatory waiver proceeding.

Prior to the amendments made to the Penal Code in 1986, (Act 314, SLH), murder was classified as a class A felony and, therefore, constituted a waivable offense under Section 571-22(c), Hawaii Revised Statutes. Act 314 (SLH, 1986) divided murder into two degrees (murder in the first degree and murder in the second degree) so that it is no longer classified as a class A felony. This change unintentionally resulted in murder being removed from Section 571-22(c) as a waivable offense.

Your Committee finds that this is a housekeeping measure to bring the law into conformity with legislative intent and prior law.

Your Committee, upon further consideration, has amended this bill to include the offense of attempted murder in crimes subject to mandatory waiver.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 208, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 208, S.D. 1, C.D. 1.

Representatives Metcalf, Hiraki, Hirono, Takamine and Medeiros,
Managers on the part of the House.

Senators Hee, Chang, Menor, Solomon and Reed,
Managers on the part of the Senate.

Conf. Com. Rep. 47 on H.B. No. 498

The purpose of this bill is to provide for the continued regulation of dispensing opticians and to implement changes in Chapter 458 as recommended by the Legislative Auditor. Significant changes made in this bill include:

(1) Extending the sunset repeal date of the Board of Dispensing Opticians to December 31, 1990;

(2) Requiring the Board to meet at least four times a year at quarterly intervals, and specifying that members must attend at least half of the Board meetings each year;

(3) Deleting the provision concerning application for a certificate of dispensing optician;

(4) Inserting provisions for applying for and receiving a license for work as a dispensing optician, including prerequisites, examinations, and issuance requirements;

(5) Inserting language throughout the bill to regulate those licensed to work as dispensing opticians; and

(6) Requiring opticians to provide notice to contact lens clients that they should return to the prescribing ophthalmologist or optometrist to ensure proper fit and prescription.

Your Committee has extended the repeal date of the Board of Dispensing Opticians for only a short period of time because it is concerned by the Board's record of inactivity and wishes to see immediate improvements in its performance.

Your Committee has amended this bill by deleting the prohibition of dispensing opticians utilizing the services of an optometrist, physician, surgeon, or other practitioner of any other profession for the purpose of examination or treatment of the eyes.

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

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 498, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 498, H.D. 1, S.D. 1, C.D. 1.

Representatives Hirono, Hayes, Hiraki, Shito and Hemmings,
Managers on the part of the House.

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

Conf. Com. Rep. 48 on H.B. No. 872

The purpose of this bill is to provide for the licensure of persons who engage in primary activities involving asbestos or asbestos-containing material.

The bill also: (1) lists parameters for establishing licensing requirements which include examination, registration, training, application and disposal requirements; (2) allows the Board of Contractors, the Department of Commerce and Consumer Affairs, the Department of Health, and the Department of Labor and Industrial Relations to enter a job site for inspection purposes; (3) exempts from the licensing requirements certain activities involving asbestos which are incidental to the primary purpose for which a contractor holds a license if performed in a manner not posing any health hazards; and (4) provides a misdemeanor penalty and a fine not to exceed \$5,000.

Your Committee has amended the bill to allow holders of a classified specialty license C-24, for building, moving, and wrecking work, as well as holders of a classified specialty license only for the removal of asbestos (C-68), to obtain licensure for asbestos work under the requirements of this bill.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 872, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 872, H.D. 1, S.D. 1, C.D. 1.

Representatives Metcalf, Hirono, Hiraki, Takamine and Medeiros,
Managers on the part of the House.

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

Conf. Com. Rep. 49 on H.B. No. 492

The purpose of this bill is to extend the Board of Massage (Board) until December 31, 1993. The bill also:

(1) Exempts any licensed massage therapist who does not operate a business employing other persons from the requirement for an out-call service license;

(2) Specifies the academic training required prior to examination for licensure; and

(3) Requires the Board to submit to the Legislature a proposal on standards of competency for the practical examination for licensure.

Your Committee has amended the bill by:

(1) Adding a requirement that the three members of the Board with practical

experience shall also be actively employed as licensed massage therapists;

(2) Adding a requirement for Board members affiliated with a school teaching massage to disclose that affiliation;

(3) Requiring written instead of written or oral examination for licensure.

(4) Deleting a reiteration that the Department of Commerce and Consumer Affairs or the Board may contract with professional testing services to examine license applicants.

(5) Eliminating the provision allowing the Department of Commerce and Consumer Affairs and the Board to require license applicants to pay the examination fee directly to a testing agency.

Technical, nonsubstantive amendments were also made for purposes of style and clarity.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 492, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 492, H.D. 1, S.D. 1, C.D. 1.

Representatives Hirono, Cachola, Hiraki, Shito and Medeiros,
Managers on the part of the House.

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

Conf. Com. Rep. 50 on S.B. No. 1288

The purpose of this bill is to allow the Real Estate Commission to invest and reinvest the moneys in the real estate education fund.

Under current law the Commission may invest the real estate recovery fund in the same manner as the funds of the retirement system but cannot invest the real estate education fund.

Your Committee finds that the real estate recovery fund is dependent on the number of new licensees and that the earnings of this fund are placed in the education fund. Due to the cyclical nature of new licensees, your Committee believes that the education fund should be provided with the opportunity to increase its size through proper investment and not be totally dependent on the recovery fund.

Your Committee further finds that the Commission is having difficulty maintaining an effective real estate education program with contract workers and therefore, the bill has been amended to provide the Commission with the means to hire personnel not subject to Chapters 76 and 77, Hawaii Revised Statutes, by using the moneys in the education fund.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1288, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1288, S.D. 1, H.D. 1, C.D. 1.

Representatives Hirono, Souki, Bellinger, Hiraki and Hemmings,
Managers on the part of the House.

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

Conf. Com. Rep. 51 on S.B. No. 1072

The purpose of this bill is to allow all regular civil service employees to take leave without pay for employment in exempt positions as hospital administrators or assistant administrators within the Hospitals Division of the Department of Health.

The maximum term for leave under these circumstances is eight years. Upon reinstatement, the civil service employees taking advantage of the leave would receive the same compensation they would have received had they remained in

their civil service positions.

This bill will encourage qualified applicants with permanent civil service status to apply for administrator and assistant administrator positions in the County/State Hospitals Division, since they will retain their permanent civil service status and return to their civil service positions when their appointments are terminated.

Upon consideration, your Committee has amended the bill on page 1, line 10 (page 1, line 9 of the conference draft), to limit the scope of the bill to cover hospital administrators and assistant administrators only. The bill has been further amended to make minor language and style changes which have no substantive effect.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1072, S.D. 1, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1072, S.D. 1, H.D. 2, C.D. 1.

Representatives Takamine, Souki, Bellinger, Crozier and Medeiros,
Managers on the part of the House.

Senators Nakasato, B. Kobayashi and Reed,
Managers on the part of the Senate.

Conf. Com. Rep. 52 on S.B. No. 242

The purpose of this bill is to allow the Board of Land and Natural Resources (Board) to dispose of certain water rights with the prior approval of the Governor and prior authorization of the Legislature by concurrent resolution for projects which will use water in non-polluting ways and for non-consumptive purposes.

Currently, Section 171-58, Hawaii Revised Statutes (HRS), provides for the disposition of water rights subject to disapproval by the Legislature by two-thirds vote of either the Senate or the House of Representatives or by majority vote of both, in any regular or special session next following the date of any such disposition.

Your Committee, upon consideration, has amended the bill by inserting material to require: (1) that public hearings be held and conservation district use application and environmental impact statement approvals be obtained prior to the lease of water used in non-polluting ways for non-consumptive purposes; and (2) that the use not affect biota in the stream or body of water from which the leased water is drawn. Other technical amendments have been made to the bill.

The bill has been further amended by inserting amendments to Section 171-53(c), HRS. Under this bill, except for the limitation of the exemption expressly provided, if a grant of easement or lease of either submerged lands of lands beneath tidal waters covers uses only for moorings, cables and pipelines, such a grant of easement or lease shall be exempt from prior approval of the Governor and the prior authorization of the Legislature by concurrent resolution.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 242, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 242, S.D. 1, H.D. 1, C.D. 1.

Representatives D. Ige, Bunda, Kanoho, Say and Isbell,
Managers on the part of the House.

Senators Aki, Fernandes-Salling, Matsuura and Ikeda,
Managers on the part of the Senate.

Conf. Com. Rep. 53 on H.B. No. 410

The purpose of this bill is to update and revise Hawaii's insurance laws. In 1985, the Legislature provided funds to the Insurance Commissioner for a comprehensive review of the State's insurance laws. The Legislature was concerned with the problems of insurance, such as its high cost, lack of availability, and affordability for certain risks. Furthermore, several insurance companies, national

and domestic, had failed in the recent past.

The report, " A Revised and Consolidated Insurance Laws of the State of Hawaii" was submitted to the 1987 Session and provided the basis for the bill.

H.B. No. 410 was introduced as a complete revision of the insurance laws of the State. Existing Chapters 296, and 431 through 435 were compressed into new Chapters 431 and 432. The existing chapters were grouped into twenty distinct articles, and further subdivided into parts.

H.B. No. 410 differs from the report in a number of areas. This was due to the Insurance Commissioner's decision to remove provisions where changes of significance were proposed. Those changes were either placed in two companion bills, H.B. No. 1526 and S.B. No. 1525, and H.B. No. 1524 and S.B. No. 361, or removed entirely from consideration. It was intended that these companion measures would receive appropriate public hearings during which ample opportunity could be provided for discussion and debate.

On the other hand, H.B. No. 410 was designed to invite relatively little debate, its length and noncontroversial nature was intended to result in few changes. Nonetheless, all parties interested in the revision, as well as members of the committees, were encouraged to provide suggested changes to the Commissioner so that these matters could be discussed during conference.

During Conference Committee hearings the Insurance Commissioner provided six pages of proposed changes to this bill. Most of the proposed changes were suggested by representatives of the insurance industry. In addition, your Committee considered other significant changes and made amendments as follows:

(1) Article 16 was amended to provide that meetings of guaranty associations will be open to member insurers, unless meetings and records pertain to solvency, liquidation, or rehabilitation of a member insurer. Member insurers may designate representatives to board meetings, provided the designation is in writing;

(2) Section 431:2-213, which provides for immunity for the insurance commissioner and employees of the insurance division was deleted;

(3) Full and accurate written disclosure of an insurer's profits will be required to be given to the Commissioner;

(4) Prior to recoupment, each insurer will be required to submit its plan for recoupment to the commissioner. It is intended that the commissioner not have the right to approve this plan, but rather, that such filing disclose any excess or shortfall in the recoupment process;

(5) The premium tax sections have been left unchanged. However, in recognition of the ongoing litigation and the need for reform in this area, the Legislative Reference Bureau is to coordinate the development of alternative tax provisions for consideration during the next legislative session. If no tax measure is developed, the Legislature intends to impose premium taxes that are equalized;

(6) The effective date of this bill was extended to July 1, 1988 in recognition of the magnitude of this project. It is expected that the Insurance Commissioner will meet during the interim with interested parties and review amendments, deletions or changes for consideration by the Legislature during the 1988 session.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 410, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 410, H.D. 1, S.D. 1, C.D. 1.

Representatives Hirono, Souki, Hiraki, Shito and Hemmings,
Managers on the part of the House.

Senators Cobb, Blair, Hee and Ikeda,
Managers on the part of the Senate.

Conf. Com. Rep. 54 on S.B. No. 785

The purpose of this bill is to allow the valuation of property or services in

Section 708-801, Hawaii Revised Statutes, to be either market value or replacement value, whichever is higher.

Your Committee, upon further consideration, has amended the bill to reword the clause on replacement value to read: " or the replacement cost if the market value of the property or services cannot be determined." Your Committee made this change so it is clear that replacement value can be used only when the property cannot be found, or the value of the property or services cannot be ascertained.

Your Committee deleted the sentence "In the latter case the replacement cost shall be discounted to the approximate age of the subject property." Your Committee has deleted this sentence because replacement cost takes depreciation into account. Your Committee believes adding the sentence on discounting to the approximate age of the property is redundant, and will confuse rather than enlighten.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 785, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 785, H.D. 1, C.D. 1.

Representatives Metcalf, Cachola, Peters, Yoshimura and Jones,
Managers on the part of the House.

Senators Hee, Holt, Kuroda, Menor and Reed,
Managers on the part of the Senate.

Conf. Com. Rep. 55 on H.B. No. 1529

The purpose of this bill is to permit industrial loan companies to sell property insurance to borrowers for personal property not used for contract security.

The bill was amended to also permit industrial loan companies to sell to borrowers involuntary unemployment insurance. In this instance the term "involuntary unemployment insurance" means insurance for involuntary unemployment, and not involuntary or mandatory insurance for unemployment.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1529, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1529, H.D. 1, S.D. 1, C.D. 1.

Representatives Hirono, Bellinger, Hiraki, Shito and Hemmings,
Managers on the part of the House.

Senators Cobb, Nakasato and Ikeda,
Managers on the part of the Senate.

Conf. Com. Rep. 56 on H.B. No. 1073

The purpose of this bill is to require the providing of optional riders to an accident or sickness insurance policy, at an additional cost to the policyholder, to cover veterinary services for eligible domestic animals which are pets of the policyholder.

Your Committee has amended this bill by deleting its substance and inserting material directing the Insurance Commissioner to review the availability of pet care insurance in Hawaii, assess its feasibility, and recommend statutory language to encourage and require such insurance in Hawaii. The Commissioner shall report the findings and recommendations to the Legislature prior to the 1988 Regular Session.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1073, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1073, H.D. 1, S.D. 1, C.D. 1.

Representatives Hirono, Cachola, Hagino, Hiraki and Jones,
Managers on the part of the House.

Senators Cobb, Blair and Ikeda,
Managers on the part of the Senate.

Conf. Com. Rep. 57 on S.B. No. 993

The purpose of this bill is to enable the Department of Health to disclose reports of all blood transmitted diseases to blood banks.

Currently, the Department is authorized to disclose reports of persons who have had viral hepatitis. This bill would allow the Department to inform the blood bank of persons who have or have had diseases or conditions transmittable by blood or blood products, including AIDS.

Your Committee finds that while blood donated to the blood bank is routinely screened for infectious diseases, there is always the slight possibility of false laboratory results due to the limitations of the test. False test results may also occur during the early incubation period shortly after a person is infected. This bill would provide a safeguard against transmission of infectious diseases through blood transfusions and is considered by your Committee to be in the public interest.

Your Committee, upon further consideration, has determined that provision must be made to further safeguard against situations in which a person's test is negative but other evidence indicates that the person may be in the early stages of incubation and might later develop an infectious disease. Therefore, your Committee has amended the bill by inserting the following language:

"In addition, the department may disclose to any blood bank information on persons suspected by physical symptoms, clinical examination, or laboratory evidence of having diseases or conditions transmittable by blood or blood products, any law to the contrary notwithstanding."

Your Committee believes that the bill, as amended, together with all the other safeguards now in place, will substantially eliminate the opportunity for infectious blood to come to be used inadvertently by the Blood Bank.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 993, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 993, S.D. 1, H.D. 1, C.D. 1.

Representatives Metcalf, Hiraki, Hirono, Takamine and Medeiros,
Managers on the part of the House.

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

Conf. Com. Rep. 58 on S.B. No. 1163

The purpose of this bill is to add a new section to Chapter 846, Hawaii Revised Statutes, to authorize the Hawaii Criminal Justice Data Center to assess fees for services.

This bill will allow the Hawaii Criminal Justice Data Center to assess a fee for each service provided, including criminal history record checks, processing applications for the expungement of arrest records, and accessing State criminal justice information. Exceptions to the above fees will be made for criminal justice agencies and State and County agencies.

The Senate Committee on Judiciary amended the original bill by deleting the section relating to the composition of the Criminal Justice Data Interagency Board and the section amending the title of the head of the Hawaii Criminal Justice Data Center.

The House, however, amended S.B. 1163, S.D. 1, by reinserting the language of the original bill. The House concurred with the Department of the Attorney General that the amendment relating to the membership of the Interagency Board will clarify the composition of the board and provide that membership on the board will terminate automatically upon termination of employment with a member agency or reassignment to nonadministrative or other functional responsibilities for their respective agencies. The House Judiciary Committee also concurred with the amendment to change the title of the head of the Hawaii Criminal Justice Data Center from director to administrator to conform with the civil service classification for that position.

Your Committee amended this bill by deleting the phrase "of social services and housing" on page 3, lines 2-3. The original language of the bill provided that the deputy director of the State Department of Social Services and Housing overseeing the corrections functions shall serve as an ex officio member of the Interagency Board. This amendment was made to accommodate other legislation which may remove the corrections functions from the Department of Social Services and Housing.

Your Committee also made certain technical, nonsubstantive amendments for purposes of style and clarity.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1163, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1163, S.D. 1, H.D. 1, C.D. 1.

Representatives Metcalf, Souki, Andrews, Hagino and Jones,
Managers on the part of the House.

Senators Hee, Holt, Kuroda, Wong and George,
Managers on the part of the Senate.

Conf. Com. Rep. 59 on S.B. No. 1142

The purpose of this bill is to amend Section 11-72, Hawaii Revised Statutes, to allow the State's chief elections officer to employ minors of at least sixteen years of age as precinct workers in the event that adult workers are not available in sufficient numbers.

Your Committee heard testimony from the Office of the Lieutenant Governor, the State's chief election officer, that there are some precincts where it is not always possible to find eligible persons who are willing to work as precinct officials. This bill will allow persons who are at least sixteen years old to be precinct officials. The testimony made it clear that the chief election officer will adopt regulations so that minors will not be placed in charge of a precinct, nor will minors be allowed to staff an entire precinct.

The House of Representatives amended the bill so that the clerk of each county would become the appointing authority, and limited this new procedure to a trial period which would end on December 31, 1988.

Before your Conference Committees met, they received a letter from the Association of County Clerks saying that they did not want to have the authority to appoint precinct officials. Therefore, your Conference Committees have accepted the Senate bill, with an additional change that the trial period will extend to December 31, 1989. The additional year will give the Lieutenant Governor time to evaluate the new system.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1142, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1142, H.D. 1, C.D. 1.

Representatives Metcalf, Hagino, Hiraki, Shito and Medeiros,
Managers on the part of the House.

Senators Hee, Kuroda, Menor and Solomon,
Managers on the part of the Senate.

Conf. Com. Rep. 60 on H.B. No. 1002

The purpose of this bill is to prohibit the impersonation of a law enforcement officer when the officer is employed by the State or subdivisions thereof or by the United States.

Your Committee is concerned about the increase in the incidence of police impersonators and believes it important to be able to prosecute those persons who impersonate law enforcement officers with the intent to deceive.

Your Committee agrees that the provisions of the bill should be adopted to prohibit such deceptions.

Your Committee amended the bill to include in the definition of a law enforcement officer any public servant vested by law with the duty "to enforce the criminal laws."

Your Committee further amended the bill to change from a class B felony to a class C felony the offense of impersonating a law enforcement officer in the first degree, and to change from a class C felony to a misdemeanor the offense of impersonating a law enforcement officer in the second degree.

Your Committee also made non-substantive, grammatical corrections.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1002, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1002, S.D. 1, C.D. 1.

Representatives Metcalf, Cachola, Hagino, Takamine and Medeiros,
Managers on the part of the House.

Senators Hee, Kuroda, McMurdo, Menor and Reed,
Managers on the part of the Senate.

Conf. Com. Rep. 61 on S.B. No. 92

The purpose of this bill is to repeal Chapter 186 of the Hawaii Revised Statutes.

Your Committee recognizes that in 1978, authority over real property taxes was transferred to the counties and therefore the state authority to grant exemptions no longer exists. However, your Committee believes that Chapter 186 can provide other benefits.

For instance, your Committee finds there are justified concerns among landowners that environmental constraints may prevent them from harvesting a timber crop. This concern causes landowners to hesitate to invest in site preparation and tree planting. The process of dedicating a tree farm requires the landowner to provide a tree farm management plan for board review and acceptance. Environmental concerns will be considered by the board during management plan reviews. Acceptance of a management plan and dedication of a property as a tree farm will provide the landowner assurance that the BLNR formally recognizes the property will be managed as an industrial forest and that harvesting in accordance with the management plan will be permitted by the board.

Your Committee upon further consideration has made the following amendments:

(1) The eligibility requirements for tree farm property were amended so that land zoned for agricultural use or dominated by planted tree species may be eligible for tree farm classification;

(2) Development of tree farms is defined to include seeding, planting of seedlings, or other approved reforestation techniques;

(3) The classification of property as tree farm property is made contingent upon a finding by the Board of Land and Natural Resources that use will not disrupt a native forest ecosystem;

(4) Section 186-4 (classification of tree farm property) was amended to provide that the failure to apply for or receive approval of classification as tree farm property shall not preclude other legal uses of the property;

(5) Technical, nonsubstantive changes were made to the bill, including setting forth in full the sections to be repealed.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 92, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached as S.B. No. 92, H.D. 1, C.D. 1.

Representatives Levin, Andrews, D. Ige, Tajiri and Pfeil,
Managers on the part of the House.

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

Conf. Com. Rep. 62 on S.B. No. 348

The purpose of this bill is to add a new part to Chapter 453, Hawaii Revised Statutes (medicine and surgery), providing that:

(1) Individuals employed as or claiming to be respiratory care practitioners shall meet the standards of the National Commission for Health Certifying Agency, or its successor organization where the individual has demonstrated required competency, but shall not be required to have practiced respiratory therapy in the State for three years, prior to 1988.

(2) Any person who violates any of the requirements or provisions of this part, shall be fined \$500 for the first offense and not more than \$1,000 or imprisonment for not more than one year, or both, for each subsequent offense.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 348, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 348, S.D. 1, H.D. 1, C.D. 1.

Representatives Hirono, Souki, Cachola, Hiraki and Hemmings,
Managers on the part of the House.

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

Conf. Com. Rep. 63 on S.B. No. 361

The purpose of this bill is to add provisions to the proposed revision of the Hawaii Insurance Code. The more significant provisions of this bill are as follows:

1. To create the Commissioner's Education and Training Fund to compensate or reimburse staff and personnel of the insurance division for education and training;
2. To update a schedule of deposit requirements for paid up capital stock or unimpaired surplus in order for new insurers to qualify to transact any one class of insurance;
3. To provide additional paid up capital stock or additional unimpaired surplus requirements in order for an insurer to qualify to transact additional classes of insurance;
4. To specify the amount of special deposits required of alien and foreign insurers to qualify for a certificate of authority;
5. To establish requirements for a domestic mutual property insurer to apply for a certificate of authority, and to raise the surplus requirements;
6. To establish requirements for a domestic mutual casualty insurer to apply for a certificate of authority to transact casualty insurance, including vehicle insurance, and to raise the surplus requirements;
7. To establish requirements for a domestic mutual vehicle insurer to apply for a certificate of authority to transact vehicle insurance and to raise retained liability and surplus requirements;
8. To establish requirements for a domestic mutual life insurer to apply for a certificate of authority and to raise the amount of total maximum insurance, premium, and surplus requirements;
9. To establish requirements for a domestic mutual disability insurer to apply for a certificate of authority and to raise premium and surplus requirements;
10. To reduce the percentage amount of the required investments for capital and surplus;
11. To specify the investments allowed to an insurer and to raise the seller's equity requirement;

12. To raise the amount of loans secured by real property that an insurer may make or acquire;
13. To increase the investment limit for an insurer other than a life insurer;
14. To allow domestic insurers who are required to pay taxes for doing business in a foreign state a credit for up to 100 per cent of the tax paid if the tax is greater than the amount paid by insurers domiciled in the foreign state;
15. To provide a duty to report insurance independently procured from unauthorized insurers to the Commissioner and to pay taxes on premiums paid to unauthorized insurers;
16. To specify requirements for the filing, approval, and withdrawal of forms and premium rates for credit life insurance and credit disability insurance;
17. To provide increased liability coverage for required motorcycle and motor scooter policies;
18. To require of every insurer, save for certain inland marine risks, rate filings to the Commissioner, to be accompanied by a \$20.00 fee which shall be deposited to the Commissioner's Education and Training Fund;
19. To specify the powers and duties of the property and liability insurance guaranty association;
20. To require a title insurer to have minimum capital of not less than \$400,000;
21. To require a title insurer to deposit \$400,000 into a guarantee fund held by the Commissioner;
22. To require a reinsurance reserve be maintained by a domestic title insurer for the protection of holders of title insurance policies; and
23. To require domestic title insurers to establish reserves against losses and loss expenses.

Your Committee upon further consideration has amended this bill by:

1. Changing the requirement that funds or capital be deposited in a depository within the State as designated by the Director of Finance, to require instead that they be deposited in a federally insured financial institution within the State;
2. Establishing a rate of 4.68 per cent for the tax on gross premiums paid to unauthorized insurers;
3. Requiring rate and other filings for motor vehicle insurance to be made thirty rather than sixty days before the proposed effective date;
4. Requiring all claims under the policies covered by the association not to exceed the stated policy limit of the insolvent insurer under the policy from which the claim arises;
5. Changing the effective date provision to provide that the bill takes effect on July 1, 1988, only if H.B. No. 410, H.D. 1, S.D. 1, C.D. 1, in any form passed by the Legislature, Regular Session of 1987, becomes an Act;
6. Making technical, nonsubstantive amendments to correct obvious typographical errors.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 361, S.D. 3, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 361, S.D. 3, H.D. 1, C.D. 1.

Representatives Hirono, Souki, Andrews, Hiraki and Hemmings,
Managers on the part of the House.

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

Conf. Com. Rep. 64 on S.B. No. 389

The purpose of this bill is to transfer all rights, powers, functions, and duties relating to the Molokai, Waimanalo, and Lalamilo Irrigation Systems from the Department of Land and Natural Resources to the Department of Agriculture.

Your Committee finds that if a State Water Code is to be enacted, it may be necessary to separate the powers of water development and water use from the powers of water regulation, in accordance with the State Constitution. Therefore the Department of Land and Natural Resources may be required to relinquish its development responsibilities for water. Inasmuch as the three State irrigation systems service agricultural users, and the agricultural park program has already been transferred to the Department of Agriculture, the transfer of the irrigation systems to the Department of Agriculture would allow better coordination of these services.

This bill also establishes an Engineering Program Manager position in the Department of Agriculture.

Your Committee finds that the Department of Agriculture has no administrative or technical background or expertise in the management and operation of irrigation systems. Each irrigation system is operated by an Irrigation District Manager and a staff of service workers and general laborers, all of whom are supervised by an Engineering Program Manager. Transfer of the irrigation system officers and employees as provided by the bill will require the establishment of a new position of Engineering Program Manager in the Department of Agriculture.

Your Committee, upon further consideration, has amended S.B. No. 398, S.D. 2, H.D. 2, by adding provisions for:

(1) The transfer of all rights, powers, functions, and duties of the Board of Land and Natural Resources relating to the Molokai, Waimanalo, and Lalamilo Irrigation Systems to the Board of Agriculture;

(2) The transfer of tenured and untenured personnel; and

(3) The bill to take effect two years from the effective date of enactment of a State Water Code, provided that the Department of Agriculture and the Department of Land and Natural Resources begin to prepare the necessary regulation and organizational support to implement the transfer.

Your Committee has also made technical, nonsubstantive amendments to this bill, primarily to correct obvious clerical errors.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 398, S.D. 2, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 398, S.D. 2, H.D. 2, C.D. 1.

Representatives Hirono, Bellinger, Hiraki, Takamine and Hemmings,
Managers on the part of the House.

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

Conf. Com. Rep. 65 on S.B. No. 420

The purpose of this bill is to amend Section 521-44(c), Hawaii Revised Statutes, to clarify the requirements for the refunding of a security deposit upon the termination of a rental agreement.

Presently, a landlord must return a security deposit to a tenant no later than fourteen days after the termination of the rental agreement. If the landlord finds that a portion of the deposit needs to be retained for cleaning and repairs, written notice of that determination and return of the remaining portion of the deposit must be made during the same fourteen-day period.

This bill provides that the requirement for return of the security deposit or written notice for the partial retention of the deposit is satisfied if the refund or notice is forwarded to the tenant by certified mail before midnight of the

fourteenth day after the day of termination of the rental agreement. The bill also provides for a limitation of two years on the length of time during which a tenant can bring an action against a landlord for wrongful retention of the tenant's security deposit.

Your Committee believes that one year is sufficient time to bring an action and has therefore amended this bill to provide one year instead of two years to institute any action for the return of the tenant's security deposit.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 420, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 420, S.D. 1, H.D. 1, C.D. 1.

Representatives Hirono, Hayes, Hiraki, Shito and Jones,
Managers on the part of the House.

Senators Aki, Young and Ikeda,
Managers on the part of the Senate.

Conf. Com. Rep. 66 on S.B. No. 518

The purpose of this bill is to assure proper health supervision of children in families with health insurance.

This bill would require all individual and group accident and sickness insurance policies issued in this State, individual or medical service plan contracts, non-profit mutual benefit associations, and health maintenance organizations which provide coverage for a family member, to provide coverage for child health supervision services from the moment of birth through age five. The coverage would include a history, physical examinations, development assessment, anticipatory guidance, and appropriate immunizations and laboratory tests, in keeping with prevailing medical standards.

Your Committee finds that child health supervision services will provide preventive health care to children while still in their formative years and will reduce illness and other health problems in later years. Your Committee believes that health promotion and disease prevention services are important elements of a comprehensive health care delivery system and that early intervention with children will provide long-term benefits to the overall health of our population.

Your Committee has amended the bill by clarifying that child health supervision shall be a mandatory option, rather than a requirement, for all policies which cover the children of the insured, and has added the phrase "as defined by section 457-2 ("registered nurse")" after the words "nurse-delivered services" on page 2, line 17 (page 2, lines 14-15 of the conference draft), to conform to the language proposed for the new section in Chapter 433, Hawaii Revised Statutes.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 518, S.D. 2, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 518, S.D. 2, H.D. 2, C.D. 1.

Representatives Shon, Hirono, Arakiki, Hiraki and Ribellia,
Managers on the part of the House.

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

Conf. Com. Rep. 67 on S.B. No. 545

The purpose of this bill is to promote the availability of long-term care insurance, by establishing standards which facilitate the public's understanding and ability to compare long-term care insurance policies and by protecting applicants from unfair or deceptive sales or enrollment practices. The standards, however are not intended to hinder flexibility and innovation in the development of long-term care insurance coverage.

This bill statutorily establishes a new form of insurance called "long term care insurance." In the last few years, the public has grown increasingly aware and concerned about the failure of Medicare to satisfactorily provide for long-term

intermediate and custodial care. The increasing cost of medical care for chronic illness, combined with constraints on public funding for medical care, has been a strong incentive for private financing. Therefore, the establishment of regulatory control over long-term care insurance is timely.

This bill is based on model legislation developed by the Advisory Committee on Long-Term Care of the National Association of Insurance Commissioners. It empowers the Insurance Commissioner to protect the public by establishing disclosure standards and enforcing compliance with all applicable provisions of the insurance code. Your Committee notes that the bill deviates from the model legislation in a few instances, but not in any substantive way.

Your Committee upon further consideration has made the following amendments to S.B. No. 545, S.D. 1, H.D. 1:

(1) The section on prior hospitalization has been changed to reflect the terminology of the model law. It now refers to prior "institutionalization" instead of prior "hospitalization" and the reference to a home care program has been deleted.

(2) The section on exceptions has been amended by substituting a reference to Hawaii Revised Statutes sections instead of to the bill.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 545, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 545, S.D. 1, H.D. 1, C.D. 1.

Representatives Hirono, Bellinger, Hayes, Hiraki and Medeiros,
Managers on the part of the House.

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

Conf. Com. Rep. 68 on S.B. No. 1278

The purpose of this bill is to exempt from the requirements of Section 465-7(2), Hawaii Revised Statutes, any person whose doctoral degree was conferred and application filed with the Board of Psychology in 1985, provided that the Board shall consider the certification of the graduate division of the University of Hawaii that the applicant's degree is equivalent to a doctoral degree granted from a regionally accredited institution.

Your Committee finds that this bill was intended to address the problem of a small number of applicants who claim that they did not qualify for licensure after Act 115, Session Laws of Hawaii 1985, changed the statutory educational requirements for licensure. Act 115 required applicants to hold a doctoral degree from a training program approved by the American Psychological Association or from a regionally accredited institution of higher education. The Board of Psychology, on the other hand, argues that Act 115 merely clarified, but did not change, the educational requirements for licensure.

It is the intent of your Committee to resolve this dispute concerning this small number of applicants by limiting the effect of this bill to only those applicants who filed applications in 1985 but were informed that they did not meet the requirements under Act 115. This bill is meant to remedy the legal questions arising from those actions. Your Committee does not intend to address the question of whether or not accreditation or any of the other educational requirements of licensure are appropriate, nor set any precedent for further exempting any other applicants from the requirements of Chapter 465, Hawaii Revised Statutes. Your Committee emphasizes that this bill is not to be seen as a back door entry circumventing the requirement for accreditation.

Your Committee, upon consideration, has amended S.B. No. 1278, H.D. 1, by providing a three year repeal clause, as this bill is intended to apply only to a narrow group of applicants for a limited period of time.

Your Committee also made technical non-substantive changes and added a heading for the proposed new section, to conform to recommended drafting style.

Your Committee on Conference is in accord with the intent and purpose of S.B.

No. 1278, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1278, H.D. 1, C.D. 1.

Representatives Hirono, Cachola, Hayes, Hiraki and Hemmings,
Managers on the part of the House.

Senators Cobb, Blair and Ikeda,
Managers on the part of the Senate.

Conf. Com. Rep. 69 on S.B. No. 1713

The purpose of this bill is to establish a State Surplus Revolving Fund with moneys collected from the sale of State-owned property through the State surplus program.

In addition, it requires the Comptroller to prepare an inventory of all surplus State property pursuant to Section 105-6, HRS, keep a full record of all transactions involving the State Surplus Property Revolving Fund, and to submit an annual report to the Governor and the Legislature.

The Surplus Property Branch of the Department of Accounting and General Services has two operating programs: the federal surplus program and the State surplus program. Existing law provides for a revolving fund for the federal program, but no equivalent fund is authorized for the State program. This bill creates a revolving fund for the State program, from which the expenses of the State surplus program can be paid.

Your Committee upon further consideration amended S.B. No. 1713, S.D. 2, H.D. 1, by requiring the Comptroller to "maintain" an inventory of all surplus State property (which is already done), while deleting the requirement that the inventory be prepared pursuant to Section 106-5, HRS. Your Committee finds that conformance to Section 106-5 is not necessary for such a small program and would be unduly burdensome. The manner in which the inventory will be maintained is left up to the Comptroller's discretion.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1713, S.D. 2, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1713, S.D. 2, H.D. 1, C.D. 1.

Representatives Souki, Takamine, Ihara, Marumoto and Oshiro,
Managers on the part of the House.

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

Conf. Com. Rep. 70 on S.B. No. 481

The purpose of this bill is to grant an occupier or the occupier's assignee the right of first refusal in obtaining a geothermal mining lease on reserved lands within a geothermal resource subzone, provided that the Board of Land and Natural Resources (BLNR) determines that the granting of a geothermal mining lease should be without public auction.

This bill also allows the BLNR to grant a geothermal mining lease on reserved lands not within a geothermal resource subzone if the lands are contiguous to an existing geothermal resource subzone and under a common ownership.

Presently, developers of geothermal resources take a considerable risk when doing exploration drilling as they do not know whether there is an economically producible resource present in the area they are drilling. This bill would ensure that a developer, whose efforts and funds have been expended to explore geothermal resources, would not lose the opportunity to lease and develop the resource to someone else.

Your Committee has amended the bill by deleting the phrase "without public auction" on page 2, line 13 to ensure that the surface owner or the owner's assignee shall have the first opportunity to apply for the mining lease and by substituting the word "shall" for the word "should" on page 3, line 3 (page 2, line 20 of the conference draft) for the purpose of conformance with recommended

drafting style.

Your Committee has further amended the bill to clarify, in the purpose section, that the BLNR is authorized to grant a geothermal mining lease on reserved lands not within a geothermal resource subzone to a surface owner or the owner's assignee if the lands are contiguous to an existing geothermal resource subzone and under a common ownership.

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

Representatives Andrews, Levin, D. Ige, Kanoho and O'Kieffe,
Managers on the part of the House.

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

Conf. Com. Rep. 71 on S.B. No. 432

The purpose of this bill is to adjust the amount of state and county public employer contributions to the Public Employees Health Fund for the health benefits plan of retirees with less than 10 years of credited service.

In addition, this bill would increase, in each of the next two fiscal years, the amount of state and county contribution to the Public Employees Health Fund for the dental benefits plan of qualifying employee-beneficiaries of retirees with less than 10 years of credited service.

Your Committee has amended this bill by including specific amounts for the public employer contributions for the health benefits plan. These amounts are \$25.96 for the period July 1, 1987 to June 30, 1988 and \$28.56 for the period July 1, 1988 to June 30, 1989 for each employee-beneficiary; and \$79.84 for the period July 1 1987 to June 30, 1988 and \$87.82 for the period July 1, 1988 to June 30, 1989 for each employee-beneficiary with a dependent-beneficiary. These new amounts had previously been left blank.

Your Committee has also made a technical, nonsubstantive amendment in the section title.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 432, S.D. 2, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 432, S.D. 2, H.D. 1, C.D. 1.

Representatives Takamine, Souki, Bellinger, Yoshimura and Marumoto,
Managers on the part of the House.

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

Conf. Com. Rep. 72 on S.B. No. 447

The purpose of this bill is to authorize any person seeking licensure under Chapter 442, Hawaii Revised Statutes (HRS), to demonstrate to the Board of Chiropractic Examiners that the person received training in the use of physical modalities at an accredited institution and that the person completed a practical demonstration examination.

The bill also prohibits a person licensed to practice chiropractic to use physical modalities without receiving approval by the Board.

Act 243, Session Laws of Hawaii 1984, amended Section 442-6, HRS, by adding a new subsection (d) setting forth new requirements for the regulation of chiropractors. Subsection (d) deals with (1) applicants for initial licensure, and (2) licensees who had not been initially tested for competence in the use of physical modalities, and as a result, confusion has arisen as to the administration of the subsection. This bill would clarify the requirements regarding the use of physical modalities by transferring the requirements for initial licensure to subsection (c) which pertains to initial licensure and retaining the matters relating to

granting approval to use physical modalities by licensees who had not been tested in subsection (d).

Your Committee, upon consideration, has amended the bill by replacing the term "physical modality" with the term "physiotherapy modality", the term used in the bill as introduced, and has made technical changes which have no substantive effect.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 447, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 447, H.D. 1, C.D. 1.

Representatives Hirono, Hagino, Hiraki, Takamine and Medeiros,
Managers on the part of the House.

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

Conf. Com. Rep. 73 on S.B. No. 1660

The purpose of this bill is to provide appropriations to meet the needs of the State through various capital improvement projects. As received, this bill appropriated the sum of \$12,733,000 to satisfy this purpose.

This bill in its amended form, appropriates an additional \$12,455,000 in general obligation bonds for capital improvement projects. Therefore, as amended, this bill appropriates the sum of \$25,188,000.

After close scrutiny your Committee believes that the projects contained herein reflect the Legislature's continued commitment to projects which reflect the needs and desires of the people of the State of Hawaii.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1660, H.D. 1, as amended herein, and recommends it pass Final Reading in the form attached hereto as S.B. No. 1660, H.D. 1, C.D. 1.

Representatives Souki, Fukunaga, Arakaki, Horita, D. Ige, M. Ige, Ihara, Kanoho, Kawakami, Leong, Tajiri, Tungpalan, Cavasso, Isbell and Marumoto,
Managers on the part of the House.

Senators Yamasaki, Mizuguchi, Aki, Blair, Fernandes-Salling, Hagino, B. Kobayashi, Matsuura, Nakasato, Young, Henderson, Ikeda and A. Kobayashi,
Managers on the part of the Senate.

Conf. Com. Rep. 74 on S.B. No. 97

The purpose of this bill is to allow adopted children to take the family name of either the adoptive parent or the natural parent.

Upon further consideration and review of the Senate and House versions of this bill, your Committee has made the following amendments to S.B. 97, S.D. 1, H.D. 1:

(a) The word "shall" has been changed to "may" to give the Family Court discretion to change the adopted person's name;

(b) Adding back the word "adoptive" to define the parents;

(c) Adding the two phrases "or that name which is in the best interest of the child" and "or that name which is in the best interest of the adult." These two phrases will give the Court the ability to take into consideration what the best interest of the adopted person may be in the circumstances of the adoption.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 97, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 97, S.D. 1, H.D. 1, C.D. 1.

Representatives Metcalf, Cachola, Hayes, Yoshimura and Hemmings,
Managers on the part of the House.

Senators Hee, Chang, J. Wong and Reed,
Managers on the part of the Senate.

Conf. Com. Rep. 75 on H.B. No. 903

The purpose of this bill is to provide for the assignment of any type of income, including earnings for child support.

Your Committee amended the bill to reflect the House Draft as it was originally sent to the Senate.

Your Committee finds that H.B. No. 903, although of a housekeeping nature, is necessary and meritorious. This bill will eliminate confusion and doubt as well as assure that all sources of income are included.

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

Representatives Metcalf, Andrews, Bellinger, Hayes and Medeiros,
Managers on the part of the House.

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

Conf. Com. Rep. 76 on H.B. No. 1521

The purpose of this bill is to provide the Real Estate Commission with subrogation rights in cases where it has settled a claim with proceeds from the Real Estate Recovery Fund.

This bill also creates a new chapter which requires timely notification to a prospective buyer, lessee, or tenant, prior to any property transaction, if the property is in an area designated in Flood Insurance Administration maps, Airport Noise Control and Land Use Compatibility maps, Air Installation Compatibility Use Zones, or Department of Defense Civil Defense Tsunami Inundation maps.

Your Committee upon further consideration has amended Section 3 of the bill, page 2 to 5, by creating a new section Chapter 467, Hawaii Revised Statutes, which requires timely notice if a property is located in certain designated areas.

More specifically, the amendments provide as follows:

1. Required that a licensee provide timely notification to prospective buyers, lessees, and tenants prior to any sale, lease, transfer, or any other transaction if the property is located in certain designated areas pursuant to maps which designate the four areas by tax map key number (zone section, parcel); provided that this requirement shall not apply if this involved a rental lease of less than one year;
2. Provided that the Real Estate Commission shall provide guidelines as to the method and timing of the required notification;
3. Required that the counties shall provide where available, maps detailing the four designated areas;
4. Provided that when it is questionable whether real property lies within any designated areas, the ambiguity shall be construed in favor of the licensee provided a good faith effort has been made to determine the applicability of requirements;
5. Amended the penalty provision to clarify that a violation of these requirements may not be used as the sole reason to invalidate the transaction. The validity of the transfer is a question for the courts to decide based on all the facts and circumstances. This position is consistent with the remedies section of the Plain Language Law, Section 487-2, Hawaii Revised Statutes, and Chapter

16-99-3.1(h), Hawaii Administrative Rules, the recent Real Estate Agency Disclosure Regulation.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1521, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1521, H.D. 1, S.D. 1, C.D. 1.

Representatives Hirono, Cachola, Hiraki, Takamine and Hemmings,
Managers on the part of the House.

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

Conf. Com. Rep. 77 on H.B. No. 1244

The purpose of this bill is to establish a definition for "crash parts", which are the replacement parts of a motor vehicle repaired or replaced as a result of a collision. In addition, the bill requires a motor vehicle repair dealer, mechanic, or apprentice, when using any crash parts, to clearly state that fact on the invoice provided to the customer.

This bill also requires that whenever crash parts are used, a disclosure document, stating that crash parts not manufactured or supplied by the original vehicle equipment manufacturer may or may not be of the same quality as the original vehicle equipment parts, be attached to the estimate provided to the customer.

This bill further requires that if crash parts manufactured by anyone other than the original vehicle equipment manufacturer are to be supplied or installed, the estimate provided to the customer must clearly state this fact and identify each of those crash parts, and the owner of the motor vehicle must first accept the use of such parts and sign an agreement stating acceptance of the quality of such parts before those parts can be used.

Your Committee has amended this bill to clarify that the disclosure document shall be required only when crash parts which are not manufactured by the original vehicle equipment manufacturer are to be supplied or installed.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1244, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1244, H.D. 1, S.D. 1, C.D. 1.

Representatives Hirono, Hagino, Hiraki, Takamine and Medeiros,
Managers on the part of the House.

Senators Cobb, Blair, Nakasato and Ikeda,
Managers on the part of the Senate.

Conf. Com. Rep. 78 on H.B. No. 1931

The purpose of this bill are to impose a new credit card interest rate ceiling, to distinguish between bank credit cards and retail credit cards, providing interest rate ceilings specific to each and to provide for full disclosure of credit card terms.

Your Committee on Conference has amended the bill by retaining only the full disclosure provisions which specify that every credit card issuer shall disclose the annual percentage rate, the date when the finance charge begins to accrue, any annual fee, and any other charge that could be imposed, and when the charges incurred are due and payable.

Further amendments to the bill include the addition of a disclosure requirement for charge cards and a change in the effective date to January 1, 1988.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1931, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1931, H.D. 1, S.D. 1, C.D. 1.

Representatives Hirono, Andrews, Hiraki, Shito and Hemmings,
Managers on the part of the House.

Senators Cobb, Nakasato and Ikeda,
Managers on the part of the Senate.

Conf. Com. Rep. 79 on H.B. No. 521

The purpose of this bill is to require an automatic medical suspension from boxing for any boxer receiving severe blows to the head.

Your Committee believes that this bill extends efforts to provide for the health and safety of boxers. The bill requires any boxer who is knocked out to receive an automatic medical suspension as well as a mandatory neurological examination. It is the intent of your Committee that a physician determine the extent of this neurological examination based on the severity of the blows received by the boxer.

The bill has been amended by:

(1) Inserting the word "that" between the words "ensure" and "all" on line 9 of page 1; and

(2) Replacing the word "pounding" with the word "beating" on line 17 of page 2.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 521, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 521, S.D. 1, C.D. 1.

Representatives Hirono, Hayes, Hiraki, Peters and Jones,
Managers on the part of the House.

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

Conf. Com. Rep. 80 on H.B. No. 1907

The purpose of this bill is to provide an alternative to the current system of civil process service by providing for the licensure of private, fully qualified and trained civil process servers.

Your Committee finds that the use of trained process servers licensed by the State would ensure efficient service of process. At the same time, cost savings would result because fewer clerical staff would be needed for the serving deputies and none would be needed to account for the fees paid to serving officers. By eliminating the need to collect and account for the fees paid for service of process, the Judiciary will be able to free a number of clerical positions which can be assimilated into other needed clerical functions within the Judiciary.

Your Committee amended Section -2 of the new chapter, Service of Process, to specify that prescribed qualifications for process servers must include attendance in, and satisfactory completion of, a training program in the service of process and applicable laws, rules, and regulations and that the said training program shall be no less than forty (40) hours, but no more than eighty (80) hours in duration.

Your Committee also amended Section 607-8, Hawaii Revised Statutes, to provide that for all political subdivisions or municipalities within the State with a population of 500,000 or more, a flat transportation fee of ten dollars (\$10) will be allowed in lieu of the current mileage allowance.

Your Committee further amended this bill to provide a grandfather clause for all sheriffs duly deputized prior to the effective date of this Act.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1907, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1907, H.D. 1, S.D. 1, C.D. 1.

Representatives Metcalf, Hagino, Hirono, Takamine and Hemmings,
Managers on the part of the House.

Senators Hee, Holt, Kuroda, J. Wong and George,
Managers on the part of the Senate.

Conf. Com. Rep. 81 on H.B. No. 951

The purpose of this bill is to create the Criminal Forfeiture Fund to provide for the uniform disposition of property forfeited pursuant to Section 329-55, Hawaii Revised Statutes, which deals with controlled substances, and pursuant to Section 842-3, Hawaii Revised Statutes, which deals with drug abuse or illegal drug distribution in relation to organized crime.

The bill specifies that all property forfeited under the specific circumstances must be turned over to the State Comptroller to dispose of, according to the provisions of the Criminal Forfeiture Fund.

Upon further consideration, your Committee has amended the bill by providing that all property forfeited pursuant to the Penal Code also be turned over to the Comptroller. However, your Committee feels that while the Comptroller should retain control over all forfeited property until disposed of, the Attorney General is better qualified to decide if forfeited property should be sold and the proceeds deposited into the Criminal Forfeiture Fund, or whether it would be more expedient to turn the actual forfeited property over to a specific law enforcement agency. Therefore your Committee has inserted language to the effect that the Comptroller shall dispose of property pursuant to the Attorney General's recommendations.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 951, H.D. 1, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. H.D. 1, S.D. 2, C.D. 1.

Representatives Metcalf, Souki, Hagino, Peters and Hemmings,
Managers on the part of the House.

Senators Yamasaki, Blair, Hee, J. Wong and A. Kobayashi,
Managers on the part of the Senate.

Conf. Com. Rep. 82 on H.B. No. 121

The purpose of this bill is to establish a statewide "one week or one trial" system for jury service. This bill is intended to implement the recommendations in the report made by the National Center for State Courts to the state Judiciary. The National Center was commissioned to study the concerns regarding the jury system expressed in House Resolution No. 127, Eleventh Legislature of the State of Hawaii, Regular Session of 1982.

The bill would significantly reduce the amount of time a person is asked to serve thereby allowing more people to participate in the judicial process. Moreover, it should enable juries to be more broadly representative of the community. This bill would also eliminate the current jury commission and transfer the functions of the commission to the court clerk. The bill also changes the statutory exemptions for jury service.

Your Committee has amended this bill to provide for a trial period of two years for the deletion of all exemptions to jury duty, and to provide for a trial period of three years for the six-month service on grand juries in order to determine the impacts of these changes on the court system. After the trial period, the statutes will reflect the language that existed in the statutes prior to the enactment of this bill.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 121, H.D. 1, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 121, H.D. 1, S.D. 2, C.D. 1.

Representatives Metcalf, Bellinger, Hiraki, Hirono and Medeiros,
Managers on the part of the House.

Senators Hee, Chang, Holt, Solomon and George,
Managers on the part of the Senate.

Conf. Com. Rep. 83 on H.B. No. 1270

The purpose of this bill is to clear up confusing and ambiguous language in the current law as it relates to the re-registration of persons moving within the State for purposes of voting.

Currently, the statutes are unclear regarding when a person must re-register, allowing voters to vote in the wrong district.

This bill makes the following changes to the Hawaii Revised Statutes:

(1) A new subsection is added to provide that names of voters be removed where a voter notification is returned and there is no forwarding address.

(2) Sections 11-18 and 11-19 are amended to require voters to register by the appropriate registration deadline for all voter registration. This change makes registration consistent whether the move is between precincts or between counties.

(3) Section 11-21 is amended to clarify that a voter who has not re-registered by the appropriate registration deadline pursuant to Sections 11-18 and 11-19 will not be allowed to vote in the election.

Your Committee has also amended the bill by reversing pages 2 and 3 of the Senate draft to reflect the proper order of Section 11-17 and by making technical, non-substantive changes for style and clarity.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1270, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1270, S.D. 1, C.D. 1.

Representatives Metcalf, Hagino, Hayes, Hiraki and Medeiros,
Managers on the part of the House.

Senators Hee, Chang, Holt, J. Wong and George,
Managers on the part of the Senate.

Conf. Com. Rep. 84 on H.B. No. 922

The purpose of this bill is to amend Chapter 582, Hawaii Revised Statutes, by adding a new section that would authorize and direct the Governor to execute, with any other state, an amendment to the Interstate Compact on Juveniles, concerning Interstate Rendition of Juveniles alleged to be delinquent.

Presently, the Interstate Compact on Juveniles applies only to juvenile runaways or adjudicated delinquents, and does not address the situation where a state requests the return of a juvenile fugitive, or is requested by the demanding state to return a juvenile fugitive who has been charged with an offense but has not been adjudicated for that offense. This measure will extend the provision in Articles V and VI of the Interstate Compact on Juveniles to non-adjudicated juvenile fugitives.

Your Committee finds that there are times when juveniles flee the jurisdiction or their families and move to the mainland. Justice is better served if the alleged juvenile offenders are extradited and required to stand trial for the crime they are charged with.

The original bill applied to "any criminal law" violated by the juvenile. The Senate amended the language to read "violation of a felony." Your Committee, after careful consideration of the mandatory nature of the bill, chooses to take minor violations out of the scope of the extradition. Thus, your Committee has adopted the Senate change to limit extradition to "violation of a felony."

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

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 922, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 922, S.D. 1, C.D. 1.

Representatives Metcalf, Andrews, Bellinger, Hayes and Medeiros,
Managers on the part of the House.

Senators Hee, Cobb, Holt, Kuroda and Reed,
Managers on the part of the Senate.

Conf. Com. Rep. 85 on S.B. No. 576

The purpose of this bill is to require every legislator and legislative employee to report the receipt of certain gifts.

Under the proposed law, legislators and employees would be required to file gift disclosure statements with the State Ethics Commission on June 30 and December 31 of each year. Statements would cover the preceding six months and would be required to include a description of each gift received, the value of each gift, the date each gift was received, the name and address of the person or business from whom each gift was received, and a description of the principal business activity of the person or business from whom each gift was received. The bill excludes from the reporting requirements certain gifts, such as gifts received by inheritance, gifts from certain relatives, gifts that are returned within thirty days, and commercially reasonable loans.

Both House and Senate Judiciary Committees received favorable testimony on this bill from the chairperson of the State Ethics Commission. The Commission believes that the proposed law would complement the gifts section of the State Ethics Code, Section 84-11, Hawaii Revised Statutes, which prohibits legislators or employees from soliciting or accepting any gift under circumstances in which it can reasonably be inferred that the gift is intended to influence the legislator or employee in the performance of official duties or is intended as a reward for any official action. The Commission could review the gifts disclosure statements to determine whether there have been any violations of section 84-11, Hawaii Revised Statutes.

The Commission also believes that there will be a deterrent effect under the proposed law on the donation of large gifts to State employees or legislators because those gifts will have to be reported and the reports are to be public records.

The Commission feels that the public has a right to know the source of large gifts that are given to State employees and legislators. This bill will promote public confidence in State government and public officials because the public will be able to see whether there have been significant influences on certain employees or legislators. To the extent that the disclosures reveal that most State employees and legislators have not received significant gifts, the public can be confident that its officials are not undermining the integrity of State government.

The Senate Judiciary Committee considered the amendments suggested by the State Ethics Commission and amended the original bill in the following respects:

1. In Section 84- (a)(1): the words "or gifts" was added to "gift" to provide for gifts from one sources whose aggregate amount would require their disclosure; and the aggregate value of gifts subject to the proposed law was increased from "in excess of \$25" to "in excess of \$100" to eliminate the reporting of relatively small gifts and to be consistent with campaign contribution laws.

2. The language of Section 84- (a)(2) was replaced with: "The source of the gift or gifts has interests that may be affected by official action or lack of action by the legislator or employee" to better clarify the standard that will determine when a gift must be disclosed.

3. In Section 84- (d)(4) the phrase, "if publicly reported as contributions as required by law" was replaced with "that comply with state law". This would clarify that political campaign contributions that comply with State law are not required to be reported under this gifts disclosure law. As originally written, this section would have exempted only campaign contributions that are publicly reported.

4. A new paragraph (8) was added to Section 84- (d) to provide for "Exchanges of equal value on holidays, birthdays, or special occasions" to allow for gift exchanges between State employees or legislators and their friends on special

occasions.

5. A new subsection (g) was added to provide that the proposed law shall not affect the applicability of Section 84-11, to make clear that the prohibition on the solicitation or receipt of certain types of gifts found in Section 84-11 is not in any way affected by the disclosure requirements of this bill.

The House Judiciary Committee amended S.B. 576, S.D. 1, by increasing the minimum monetary value of a gift affected by this bill from \$100 to \$500. House Standing Committee Report No. 1045 stated that the Committee believed the purpose of the bill was to require disclosure of "significant" gifts, and therefore established the minimum monetary value at \$500.

Your Committee upon further consideration had amended this bill by reinstating the original Senate amendment establishing the minimum monetary value of gifts requiring disclosures at \$100. Your Committee finds that this amendment is consistent with campaign contribution laws which require disclosure of cash contributions in excess of \$100. Moreover, the public policy supporting disclosure is the same for both this bill and the campaign contribution laws.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 576, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 576, S.D. 1, H.D. 1, C.D. 1.

Representatives Metcalf, Bellinger, Hayes, Hiraki and Medeiros,
Managers on the part of the House.

Senators Hee, Holt, Menor, McMurdo and Reed,
Managers on the part of the Senate.

Conf. Com. Rep. 86 on S.B. No. 141

The purpose of this bill is to authorize the issuance of general obligation bonds and to declare findings that the total amount of principal and interest estimated for such bonds and all bonds authorized but unissued and calculated for all bonds issued and outstanding will not cause the debt limit to be exceeded at the time of issuance.

This bill is intended to meet the requirement of Article VII, Section 13, of the Constitution of the State of Hawaii. This constitutional provision requires the legislature to include a declaration of findings in every general law authorizing the issuance of general obligation bonds that the debt limit will not be exceeded upon the issuance of bonds authorized by the law and in the past. The required declaration is set forth in Section 1 of the bill.

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

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 141, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 141, H.D. 1, C.D. 1.

Representatives Souki, Arakaki, Fukunaga, Horita, D. Ige, M. Ige, Ihara, Kanoho, Kawakami, Leong, Tajiri, Tungpalan, Cavasso, Isbell and Marumoto,
Managers on the part of the House.

Senators Yamasaki, Aki, Blair, Fernandes-Salling, Hagino, B. Kobayashi, Matsuura, Mizuguchi, Nakasato, Young, Henderson, Ikeda and A. Kobayashi,
Managers on the part of the Senate.

Conf. Com. Rep. 87 on S.B. No. 154

The purpose of this bill is to establish a computerized fingerprint identification system using as its primary resource an automatic fingerprint identification system. The bill appropriates \$2 to be expended by the Department of the Attorney General for the purposes of the bill.

Your Committee has amended the bill by specifying that the Department of the Attorney General coordinate the use of the automatic fingerprint identification system with federal, state, and county law enforcement agencies. Your Committee has also increased the appropriation to be expended by the Department of the Attorney General for the purposes of the bill to \$4.5 million.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 154, S.D. 2, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 154, S.D. 2, H.D. 2, C.D. 1.

Representatives Metcalf, Souki, Hayes, Hiraki and Hemmings,
Managers on the part of the House.

Senators Yamasaki, Hee, Holt, Kuroda and Reed,
Managers on the part of the Senate.

Conf. Com. Rep. 88 on S.B. No. 255

The purpose of this bill is to ensure that the guidelines for establishing the amount of child support are fair, reasonable and balanced with respect to the standard of living of both the parents and the child.

Your Committee upon further consideration has amended the bill to provide that the guidelines may include consideration of the following:

1. To avoid extreme and inequitable changes in either parents income depending on custody;
2. If any obligee parent (with a school age child or children in school), who is mentally and physically able to work, remains at home and does not work, 30 (or less) hours of weekly earnings at the minimum wage may be imputed to that parent's income.

In addition the bill has been amended to add that the guidelines shall be "to simplify the calculations as much as practicable.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 255, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 255, H.D. 1, C.D. 1.

Representatives Metcalf, Hayes, Hirono, Shito and Hemmings,
Managers on the part of the House.

Senators Hee, Cobb, Kuroda, J. Wong and George,
Managers on the part of the Senate.

Conf. Com. Rep. 89 on S.B. No. 1446

The purpose of this bill is to enable advocates of the rights of mentally ill persons to have access to medical records of mentally ill clients in order to come into compliance with the Protection and Advocacy for Mentally Ill Individuals Act of 1986, Public Law 99-319.

Your Committee finds that Public Law 99-319 is intended to ensure that the rights of mentally ill people are protected. Your Committee also finds that Public Law 99-319 designates the developmental disabilities protection and advocacy system of each state which, in the case of Hawaii, is the Protection and Advocacy Agency of Hawaii, as the designated agency to carry out the provisions of the Act. In order to do so, the Agency has to have access to client records, subject to strict conditions of confidentiality, which would be provided by this measure.

Your Committee has amended the bill by clarifying that "facilities" includes boarding homes and care homes, so that authorized persons may have access to the records of mentally ill persons who receive care or treatment at such places.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1446, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1446, S.D. 1, H.D. 1, C.D. 1.

Representatives Metcalf, Cachola, Hiraki, Takamine and Hemmings,
Managers on the part of the House.

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

Conf. Com. Rep. 90 on H.B. No. 4

The purpose of this bill is to ensure fairness in elections, protect legitimate reputations of all political candidates, and punish those individuals responsible for "smear" campaigns, without any intended chilling effect on the right of free speech under the First Amendment.

This bill removes the responsibility of adopting a code of fair campaign practices from the Campaign Spending Commission, and establishes a five-member Fair Campaign Practices Commission (Commission) appointed by the Governor, which will receive, review, and issue findings or complaints of unfair campaign practices. The bill also requires the Commission to report back to the Legislature, prior to the 1990 Regular Session, its evaluation and recommendations for continuing the Commission.

After further consideration, your Committee has amended the bill by adding a new part to Chapter 11, Hawaii Revised Statutes. The new part establishes the offense of "election smearing" as a misdemeanor and is punishable by a fine not to exceed \$2,000.

While your Committee is sensitive to the importance of the free speech rights granted by the First Amendment of the United States Constitution, malicious actions which are justified under the guise of a First Amendment argument cannot be tolerated. Such deterrents will help protect not only the person against whom such attacks are made, but the public as well by strengthening the electoral process and insuring fair play in elections.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 4, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 4, H.D. 2, S.D. 1, C.D. 1.

Representatives Metcalf, Hagino, Hayes, Hiraki and Hemmings,
Managers on the part of the House.

Senators Hee, Chang, Solomon, J. Wong and George,
Managers on the part of the Senate.

Conf. Com. Rep. 91 on S.B. No. 431

The purpose of this bill is to amend or repeal various provisions of the Hawaii Revised Statutes and the Session Laws of Hawaii for the purpose of correcting errors, clarifying language, correcting references, and deleting obsolete or unnecessary provisions.

The Senate Judiciary Committee deleted Section 18 from the original bill which amended the title of Section 286-151, Hawaii Revised Statutes. Currently, Section 286-151 HRS, is entitled, "Implied Consent of driver of motor vehicle to submit to testing to determine alcoholic content of blood." The original bill would have amended this title by adding the words "or drug" between the words "alcoholic" and "content". This proposed revision was deemed to be substantive in effect and therefore not appropriate to the revised bill.

The House Judiciary Committee subsequently amended S.B. No. 431, S.D. 1, by reinserting Section 18.

Your Committee upon further review of Section 286-151, Hawaii Revised Statutes, amended the bill by deleting Section 18 because there is no substantive language in this section which provides for drug testing of drivers of motor vehicles.

All other provisions in S.B. No. 431, S.D. 1, H.D. 1, are retained in this bill. Therefore, your Committee incorporates by reference herein Senate Standing Committee Report No. 562, S.D. No. 431. The report details the statutory sec-

tions affected by the bill and the reasons for the changes.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 431, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 431, S.D. 1, H.D. 1, C.D. 1.

Representatives Metcalf, Andrews, Bellinger, Cachola and Jones,
Managers on the part of the House.

Senators Hee, Chang, Holt, J. Wong and Reed,
Managers on the part of the Senate.

Conf. Com. Rep. 92 on H.B. No. 581

The purpose of this Bill is to transfer the Office of Narcotics Enforcement from the Department of Health to the Department of the Attorney General.

Under existing law, the Department of Health is responsible for enforcement of the Uniform Controlled Substances Act through the Office of Narcotics Enforcement. Your Committee finds that this office should be transferred to the Department of the Attorney General. The Attorney General is the chief law enforcement officer of the State and engages in criminal and other investigations. Consolidation of the narcotics investigation responsibility with other investigatory duties will result in greater efficiency and effectiveness in the narcotics and controlled substances enforcement program.

In order to give the affected Departments time enough to efficiently transfer the narcotics enforcement office, your Committee has amended the Bill by changing the effective date to July 1, 1988.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 581, H.D. 1, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 581, H.D. 1, S.D. 2, C.D. 1.

Representative Shon, Souki, Leong, Metcalf and Cavasso,
Managers on the part of the House.

Senators Yamasaki, Blair, Hee, J. Wong and A. Kobayashi,
Managers on the part of the Senate.

Conf. Com. Rep. 93 on H.B. No. 287

The purpose of this bill is to appropriate funds for the 1987-89 biennium budget of the Office of Hawaiian Affairs (OHA).

Your Committee examined the program needs as contained in the budget request submitted by OHA, and made provisions for those programs which would achieve the program objectives of OHA. Therefore, the bill specifies the necessary funding for OHA's programs and it identifies the general and special fund requirements for each program.

Your Committee is cognizant of the critical findings and recommendations contained in the management audit of OHA, and accordingly, OHA should implement the recommendations to realistically plan for its programs.

In addition, your Committee strongly believes that OHA's board should reaffirm its primary role of serving the Hawaiian community as a whole and focus mainly on establishing policies, formalizing its policy making processes, developing and improving external relationships, and improving its overall effectiveness. Further, the board should delegate to the administrator the responsibility to manage and direct the programs consonant with policies established by the board.

With respect to developing OHA's program objectives and goals, your Committee recommends the following:

1. It is vital that OHA recognize the social needs of Hawaiians and native Hawaiians, and it should formulate and establish detailed plans specifying the short-term and long-term objectives to address their social concerns.

2. As a matter of priority, OHA should identify the health problems and needs of the population it serves, and properly develop the needed program improvements.

3. OHA should improve its working relationship with other public and private agencies, such as, the Department of Hawaiian Home Lands and Alu Like to cooperatively serve the Hawaiians and native Hawaiians. Such shared efforts would eliminate duplication and overlapping of services, and promote joint pilot projects and ventures.

4. OHA should enlist the participation of all Hawaiian communities by holding public hearings on the multi-year program and operating budget for OHA so that the budget request submitted to the Legislature incorporates the expressed needs and concerns from the public and interested Hawaiian groups.

It is your Committee's view that with the necessary commitment by OHA to address these concerns together with the proper allocation of funding authorized, OHA should be able to effectively serve the Hawaiian people in the State.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 287, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 287, H.D. 1, S.D. 1, C.D. 1.

Representatives Souki, Arakaki, Fukunaga, Horita, D. Ige, M. Ige, Ihara, Kanohe, Kawakami, Leong, Tajiri, Tungpalan, Cavasso, Isbell and Marumoto,
Managers on the part of the House.

Senators Yamasaki, Aki, Blair, Fernandes-Salling, Hagino, B. Kobayashi, Matsuura, Mizuguchi, Nakasato, Young, Henderson, Ikeda and A. Kobayashi,
Managers on the part of the Senate.

Conf. Com. Rep. 94 on H.B. No. 328

The purpose of this bill is to provide fund authorizations and appropriations for collective bargaining cost items, including the cost of salary adjustments negotiated between the State and bargaining unit representatives for the fiscal biennium 1987-1989.

Fund authorizations and appropriations by the Legislature are necessary, in accordance with Section 89-10(b), Hawaii Revised Statutes, to cover the expected cost of implementing collective bargaining agreements negotiated between the State and the respective bargaining unit representatives for the fiscal biennium commencing July 1, 1987.

Your Committee has amended this bill by inserting the appropriation amounts necessary for collective bargaining cost items and to specify that bargaining units 1, 2, 3, 4, 6, 7, 8, 9, 10, and 11 in addition to collective bargaining unit 13 are covered by this bill.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 328, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 328, H.D. 1, S.D. 1, C.D. 1.

Representatives Souki, Arakaki, Fukunaga, Horita, D. Ige, M. Ige, Ihara, Kanohe, Kawakami, Leong, Tajiri, Tungpalan, Cavasso, Isbell and Marumoto,
Managers on the part of the House.

Senators Yamasaki, Aki, Blair, Fernandes-Salling, Hagino, B. Kobayashi, Matsuura, Mizuguchi, Nakasato, Young, Henderson, Ikeda and A. Kobayashi,
Managers on the part of the Senate.

Conf. Com. Rep. 95 on H.B. No. 418

The purpose of this bill is to provide fund authorizations and appropriations for wage and other adjustments in Fiscal Biennium 1987-1989 for officers and em-

ployees of the Executive, Judiciary, and legislative branches and the Office of Hawaiian Affairs who are excluded from collective bargaining.

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 as applicable. Further, Section 89C-5, HRS, stipulates that any such adjustments which constitute cost items shall be subject to appropriation by the Legislature.

Your Committee has amended this bill to stipulate the exact amounts needed for wage and other adjustments pursuant to recent collective bargaining agreements.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 418, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 418, H.D. 1, S.D. 1, C.D. 1.

Representatives Souki, Arakaki, Fukunaga, Horita, D. Ige, M. Ige, Ihara, Kanohe, Kawakami, Leong, Tajiri, Tungpalan, Cavasso, Isbell and Marumoto,
Managers on the part of the House.

Senators Yamasaki, Aki, Blair, Fernandes-Salling, Hagino, B. Kobayashi, Matsuura, Mizuguchi, Nakasato, Young, Henderson, Ikeda and A. Kobayashi,
Managers on the part of the Senate.

Conf. Com. Rep. 96 on H.B. No. 1861

The purposes of this bill as received by your Committee were to suspend the requirement that a condominium hotel operator be licensed as a real estate broker for one year from the effective date of the bill to allow time to address new concerns which have arisen with regard to this requirement, to require fees to be established by rules for the licensure and registration of an operator of a condominium hotel and to create new sections relating to transient vacation rentals and the resolution of time-share disputes through arbitration.

Your Committee upon further consideration has amended the bill by deleting the provision relating to the resolution of time-share disputes and by providing new language regarding transient vacation rentals.

Since many non-tourist areas, including residential areas, are being used for the purpose of locating transient vacation rentals (TVR), a need has arisen to prevent such mixed and unintended uses of property.

This amendment will enable the counties to ensure that transient vacation rentals (TVR) will not be permitted in residential or other areas not intended by the county in its zoning process. This will enable a county to enforce applicable zoning restrictions by designating a unit or series of units as a hotel use which may not be a permitted use under its zoning code.

In the case where ninety five percent or more of the project is used for TVR, the entire property shall be classified as a hotel, which would not be permitted use if it is in violation of the county zoning standards.

A direct benefit of this action will be that intended residential condominium properties in residential areas should and will be used for the purpose of providing residential housing and accommodations to Hawaii's residents, the intended beneficiaries of all residential zoning.

In its deliberations, your Committee agreed to limit the application of TVR restrictions to condominium projects only.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1861, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1861, H.D. 1, S.D. 1.

Representatives Hirono, Bellinger, Cachola, Hiraki and Medeiros,
Managers on the part of the House.

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

Conf. Com. Rep. 97 on H.B. No. 1530

The purpose of this bill is to require all financial institutions which provide mortgage life insurance to mortgagors without charge for a period less than the term of the mortgage, when the insurance is not a condition of obtaining the mortgage, to provide the mortgagor with a form prior to the expiration of the period of free coverage to allow the mortgagor to accept the continuance of the mortgage life insurance coverage at a fee or to decline continued coverage. The same provisions apply to individuals acting on behalf of casualty insurance companies.

This bill also specifies that failure to provide the form shall result in the automatic termination of the policy upon expiration of the period of free coverage, and provides a definition for "mortgage life insurance".

Your Committee has amended this bill to clarify that the requirements and provisions shall apply to all financial institutions, and to specify that:

(1) The form provided shall contain a designated space in which the insured mortgagor may indicate his or her desire to continue or discontinue the policy after the period of free coverage has expired;

(2) The form shall also clearly indicate the amount of the premium to be charged to continue the coverage; and

(3) Failure to provide the form shall not result in the automatic termination of the policy, if the mortgagor indicates otherwise in writing to the bank.

Your Committee has amended the bill further by adding in Section 1 of the bill the original substance of H.B. No. 1530, which provides that mortgages which secure future advances shall be superior to any subsequently recorded mortgages, lien, or other encumbrances or conveyances, other than liens for real property taxes and assessments for public improvements.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1530, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1530, H.D. 1, S.D. 1, C.D. 1.

Representatives Hirono, Andrews, Hiraki, Shito and Jones,
Managers on the part of the House.

Senators Cobb, Blair and Ikeda,
Managers on the part of the Senate.

Conf. Com. Rep. 98 on H.B. No. 520

The purpose of this bill is as follows:

(1) To authorize the Department of Commerce and Consumer Affairs (DCCA) to apply to a court for an injunction to restrain any violation of Chapter 439, Hawaii Revised Statutes;

(2) To specify that the remedies or penalties delineated in Chapter 439 are cumulative;

(3) To provide a statutory definition of "beauty operator" which will encompass certified cosmetologists, hairdressers, cosmeticians, and manicurists;

(4) To allow the practice of barbering in a beauty shop;

(5) To delete the definitions of "classified occupations", "classified practice", "junior operator", and "operator" from appropriate statutory provisions;

(6) To prohibit cosmeticians from using a mechanical or electrical apparatus or appliances considered to be medical prescriptive devices;

(7) To create consistent statutory definitions for "cosmetologist", "cosmetology", "manicurist", "managing operator", and "temporary permit";

(8) Provided a definition for "temporary permits" with the exception of beauty operators who practice their trade for educational purposes, to specify only persons registered as cosmetologists can practice their trade in this State, and only in registered beauty shops;

(9) To clarify that the categories of examinations shall be limited to cosmetologist, hairdresser, cosmetician, manicurist, and instructor;

(10) To require that a cosmetologist applicant shall be at least sixteen years old and have an education equivalent to the completion of high school, and has either three thousand six hundred hours of training as an apprentice, or one thousand eight hundred hours of training in a registered beauty school;

(11) To require that a hairdresser applicant be at least sixteen years old, and have an education equivalent to the completion of high school, and has either two thousand five hundred hours of training as an apprentice, or one thousand two hundred fifty hours of training in a registered beauty school;

(12) To require that a cosmetician applicant be at least sixteen years old and have an education equivalent to the completion of high school, and has one thousand one hundred hours of training as an apprentice or five hundred fifty hours of training in a registered beauty school;

(13) To require that a manicurist applicant be at least sixteen years old, and have an education equivalent to the completion of high school, and has either seven hundred hours of training as an apprentice, or three hundred fifty hours of training in a registered beauty school;

(14) To allow an applicant who fails an initial examination to file another application with the required fees;

(15) To allow an applicant to apply for a temporary permit provided that the applicant pass the third examination as consecutively scheduled by the board.

(16) To establish violations for which the Board may take disciplinary action, and the appropriate amount of fines it may impose for each violation;

(17) To provide a right to request a hearing within sixty days of the date of a certificate denial or refusal; and

(18) To provide technical and grammatical corrections to the bill to clarify the language of the provisions and for purposes of consistency.

Upon further consideration, your Committee has amended the bill by providing that temporary permits shall not be effective for more than two years from the date of issuance in page 4, line 22, of the bill.

Your Committee has amended the bill further by adding a new requirement that board members affiliated with any school teaching any of the classified occupations shall disclose that affiliation and adhere to the provisions of Chapter 84 and the interpretations of that chapter by the State Ethics Commission.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 520, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 520, H.D. 1, S.D. 1, C.D. 1

Representatives Hirono, Metcalf, Hagino, Hiraki and Medeiros,
Managers on the part of the House.

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

Conf. Com. Rep. 99 on S.B. No. 548

The purpose of this bill is to give the Office of Hawaiian Affairs (OHA) the right to acquire kuleana lands by escheat.

Your Committee agrees that kuleana lands should not revert to the surrounding land owner, but should revert to OHA (the agency established in Article XII,

Sections 5 and 6, in the Hawaii Constitution to receive and hold land in trust for Native Hawaiians and Hawaiians). However, in order to respond to concerns expressed that OHA is not ready to manage real property, your Committee amended the bill by restoring the language of Senate Draft 2 which provides that where there is no taker of kuleana lands under the intestate succession part of the probate code, such lands shall pass to the Department of Land and Natural Resources (DLNR). This Department will hold the land in trust until OHA develops a land management plan for the use and management of the kuleana properties, and such plan is approved by DLNR for the transfer of the property to OHA. Your Committee

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 548, S.D. 2, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 548, S.D. 2, H.D. 1, C.D. 1.

Representatives Levin, Metcalf, D. Ige, Kanoho and Pfeil,
Managers on the part of the House.

Senators Hee, Aki, Solomon, J. Wong and George,
Managers on the part of the Senate.

Conf. Com. Rep. 100 on S.B. No. 398

The purpose of this bill is to transfer all rights, powers, functions, and duties relating to the Molokai, Waimanalo, and Lalamilo Irrigation Systems from the Department of Land and Natural Resources to the Department of Agriculture.

Your Committee finds that if a State Water Code is to be enacted, it may be necessary to separate the powers of water development and water use from the powers of water regulation, in accordance with the State Constitution. Therefore, the Department of Land and Natural Resources may be required to relinquish its development responsibilities for water. Inasmuch as the three State irrigation systems service agricultural users, and the agricultural park program has already been transferred to the Department of Agriculture, the transfer of the irrigation systems to the Department of Agriculture would allow better coordination of these services.

This bill also establishes an Engineering Program Manager position in the Department of Agriculture.

Your Committee finds that the Department of Agriculture has no administrative or technical background or expertise in the management and operation of irrigation systems. Each irrigation system is operated by an Irrigation District Manager and a staff of service workers and general laborers, all of who are supervised by an Engineering Program Manager. Transfer of the irrigation system officers and employees as provided by the bill will require the establishment of a new position of Engineering Program Manager in the Department of Agriculture.

Your Committee upon further consideration has amended S.B. No. 398, S.D. 2, H.D. 2, by adding provisions for:

(1) The transfer of all rights, powers, functions, and duties of the Board of Land and Natural Resources relating to the Molokai, Waimanalo, and Lalamilo Irrigation Systems to the Board of Agriculture;

(2) The transfer of tenured and untenured personnel; and

(3) The bill to take effect two years from the effective date of enactment of a State Water Code, provided that the Department of Agriculture and the Department of Land and Natural Resources begin to prepare the necessary regulation and organizational support to implement the transfer.

Your Committee has also made technical, nonsubstantive amendments to this bill, primarily to correct obvious clerical errors.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 398, S.D. 2, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 398, S.D. 2, H.D. 2, C.D. 1.

Representatives Honda, Levin, Souki, Say and Pfeil,
Managers on the part of the House.

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

Conf. Com. Rep. 101 on S.B. No. 1164

The purpose of this bill is to update Chapter 149A, Hawaii Revised Statutes, and to provide stricter regulation on the purchase and use of pesticides in Hawaii.

Specifically, this bill will do the following:

- (1) Make it unlawful to use, distribute or sell any pesticide not licensed in Hawaii;
- (2) Update Section 149A-31, Hawaii Revised Statutes, to insure its conformance with the Federal Insecticide, Fungicide and Rodenticide Act;
- (3) Authorize the Department of Agriculture to suspend the use of a pesticide should there exist a potential of unreasonable adverse effects to the environment; and
- (4) Require large quantity pesticide users to maintain records of pesticide applications.

Your Committee finds that strict controls on the sale and use of pesticides are needed to minimize the contamination of the environment.

Your Committee amended the bill by replacing the word "deemed" with "determined" on line 1, page 35. Your Committee finds that the cancellation, suspension or restriction of pesticide usage should be based on a determination of unreasonable adverse effects on the environment.

Although this bill deals primarily with the responsibilities and powers of the Department of Agriculture, your Committee feels that the Department of Health should be given substantial weight in the pesticide review process since the Department of Health is the primary enforcement agency of drinking water regulations.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1164, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1164, S.D. 1, H.D. 1, C.D. 1.

Representatives Andrews, Honda, Souki, Kanoho and Pfeil,
Managers on the part of the House.

Senators Hagino, Solomon and Reed,
Managers on the part of the Senate.

Conf. Com. Rep. 102 on S.B. No. 1747

The purpose of this bill is to transfer the State planning and planning information functions of the Department of Planning and Economic Development to the Office of the Governor through the establishment of an Office of State Planning in the Governor's Office.

The bill also establishes a Department of Business and Economic Development which will be devoted solely to the promotion of economic diversification and growth. This department will assume the research and development functions of the current Department of Planning and Economic Development.

The objective of developing a centralized office within the office of the Governor is to allow for the more efficient management of the State's various state planning responsibilities.

Following its discussion on this bill, your Committee agrees to the following amendments:

On page 2, lines 20 and 21, the Governor shall set the salary level of the director of the Office of State Planning.

On page 5, lines 16 through 23, and page 6, line 1, the paragraphs on transferring land use planning and coastal and ocean policy management responsibilities from the Department of Planning and Economic Development to the new Office of State Planning were deleted, and paragraph 18 on page 16 is renumbered as paragraph 6.

Section 4, on page 16 through page 19, line 17 is deleted. This language referring to Chapter 205, Hawaii Revised Statutes, is not required, since the Land Use Division will not be transferred to the Office of State Planning. Section 5 through 18 are renumbered accordingly.

Section 8 is amended to reflect the conference agreement that the land use division and the coastal zone management program, Chapters 205 and 205A, respectively, will be retained within the Department of Business and Economic Development.

On page 48, line 6 has been amended in order to delete language referring to land use division personnel, since land use division responsibilities are not being transferred to the Office of State Planning.

Technical and non-substantive amendments were made on page 48, line 14, and page 49, lines 1 through 8, to clarify that employees will retain the same civil service credit, vacation, sick leave, or other employee benefits or privileges after the transfer of State planning functions from the Department of Planning and Economic Development to the Office of State Planning.

In addition, your Conference Committee finds that the newly established Department of Business and Economic Development may not be the most appropriate agency for the Land Use Division and the Coastal Zone Management Program. Your Committee strongly recommends that one of the first tasks of the Office of State Planning should be to review this matter as timely as possible and make a recommendation to the Legislature for further action.

Your Conference Committee further recommends that the Land Use Division consider and present input from a variety of sources to reflect a statewide approach to formulating land use recommendations.

Your Committee on Conference is in accord with the intent and purpose of S.B. 1747, S.D. 2, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1747, S.D. 2, H.D. 2, C.D. 1.

Representatives Andrews, Takamine, Fukunaga, Say and Pfeil,
Managers on the part of the House.

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

Conf. Com. Rep. 103 on H.B. No. 285

The purpose of this bill is to delete the July 1, 1987 termination date of Act 107, Session Laws of Hawaii 1984, relating to the arbitration of disputes involving horizontal property regimes.

The bill also has an added provisions which requires for increased disclosure to prospective purchasers of condominium dwelling units of various aspects of the governance of such projects. Your Committee upon further consideration has amended the bill by deleting this provision.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 285, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 285, S.D. 1, C.D. 1.

Representatives Hirono, Andrews, Hayes, Hiraki and Jones,
Managers on the part of the House.

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

Conf. Com. Rep. 104 on H.B. No. 1525

The purposes of this bill were to establish definitions of "class action" and "de facto class action" and to make several amendments to Chapter 480, Hawaii Revised Statutes, including the following:

(1) Provided that the \$1,000 minimum recovery provision is only applicable to consumer suits based on unfair or deceptive practices brought under Section 480-2, unfair and deceptive practices;

(2) Provided that persons may file class action and de facto class action suits under Section 480-13 without regard to the actions of the Department of the Attorney General;

(3) Clarified that those persons who file class action and de facto class action suits under Section 480-13 may only be compensated for actual damages and costs;

(4) Provided that the courts and the Office of Consumer Protection shall be guided by rules of interpretation given by the Federal Trade Commission; and

(5) Provided that suits based upon unfair or deceptive acts or practices under Section 480-2 may be brought only by consumers, the Attorney General, or the Office of Consumer Protection, in effect precluding its application to private disputes between businessmen.

Your Committee finds that current law is unclear and the procedure confusing. Upon further consideration, your Committee has made numerous amendments to the bill including the following:

1. Created a new definition of "consumer" which means a natural person who, primarily for personal, family, or household purposes, purchases, attempts to purchase, or is solicited to purchase goods or services or who commits money, property, or services in an investment;

2. Amended Section 480-2, Hawaii Revised Statutes, by requiring that the court and Office of Consumer Protection shall be guided by rules, regulations, and decisions of the Federal Trade Commission and the federal court and by providing that it shall not be necessary to show that the proceeding or suit brought under this section would be in the public interest and that no other person other than a consumer, the Attorney General or the director of the Office of Consumer Protection may bring an action under this section. The amendment to Section 480-2 is intended to clarify actions for unfair and deceptive acts and is not intended to affect suit based upon unfair methods of competition.

3. Amended Section 480-3, Hawaii Revised Statutes, to clarify that, unlike federal antitrust law, State antitrust law allows suit by indirect purchasers as provided in the statute;

4. Amended Section 480-13, Hawaii Revised Statutes, to further clarify that indirect purchasers injured by an illegal overcharge shall recover only compensatory damages, and reasonable attorneys fees together with the cost of suit and that a consumer action under Section 480-2 has the same remedies as those provided for violations of other antitrust provisions.

5. Clarified the remedies provided under Section 480-13, Hawaii Revised Statutes, shall be applied in class action and de facto class action proceedings or lawsuits including actions brought in behalf of indirect purchasers by the Attorney General under Section 480-14 except that the minimum \$1,000 recovery shall not apply in a class action or a de facto class action lawsuit;

6. Amended Section 480-14, Hawaii Revised Statutes, to provide that the Attorney General or the director of the Office of Consumer Protection may bring a class action on behalf of consumers based on unfair or deceptive acts or practices or practices declared unlawful by Section 480-2.

The Legislature intends that where both direct and indirect purchasers are in State court, the damages will be limited to threefold damages, apportioned between such purchasers.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1525, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final

Reading in the form attached hereto as H.B. No. 1525, H.D. 1, S.D. 1, C.D. 1.

Representatives Hirono, Hiraki, Bellinger, Andrews and Hemmings,
Managers on the part of the House.

Senators Cobb, Blair, Chang, B. Kobayashi, Matsuura and Ikeda,
Managers on the part of the Senate.

Conf. Com. Rep. 105 on H.B. No. 1585

The purpose of this bill is to require real estate brokers and salesmen to inform prospective purchasers and lessees of reversionary provisions. Under this agreement, failure to do so would constitute grounds for voidance of the transaction by the purchaser or lessee for a period of five years.

Upon further consideration, your Committee has deleted the substance of the bill and created a new section in Chapter 514A, Hawaii Revised Statutes, which will require certain documents to be kept at the managing agent's office. Copies of these documents shall be available to owners, prospective purchasers, and their respective agent during normal business upon payment of a reasonable charge. In the event that the project is not managed by a managing agent, these requirements shall be undertaken by a person or entity, if any, employed by the association of apartment owners to whom this function is delegated.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1585, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1531, H.D. 1, S.D. 1, C.D. 1.

Representatives Hirono, Hiraki, Hayes, Takamine and Medeiros,
Managers on the part of the House.

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

Conf. Com. Rep. 106 on H.B. No. 1849

The purpose of this bill is to prevent the potential contamination of ground water resources with pesticides by prohibiting the mixture of pesticides with water which can occur when a pesticide mixing tank is connected with a hose with a well-head.

Your Committee finds that the amendments agreed upon in Conference Draft No. 1 of this bill are broadly worded and may be subject to misinterpretation. This bill has been amended to insure that under no circumstances shall pesticides be introduced into a potable water supply system. Therefore, this bill has been amended by revising the proposed subsection (6) of §149A-31 as follows:

"(6) Fill with water, through a hose, pipe or other similar transmission system, any tank, implement, apparatus, or equipment used to disperse pesticides, unless the tank, implement, apparatus, equipment, hose, pipe or other similar transmission system is equipped with an air gap or a reduced-pressure principle backflow device meeting the requirements under Section 340E-2 and the rules adopted thereunder."

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1849, H.D. 1, S.D. 1, C.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1849, H.D. 1, S.D. 1, C.D. 2.

Representatives Levin, Andrews, Bunda, D. Ige and Isbell,
Managers on the part of the House.

Senators Hagino, Solomon and Reed,
Managers on the part of the Senate.

Conf. Com. Rep. 107 on S.B. No. 634

The purpose of this bill is to allow public school teachers, whose hours are

equal to one-half of a full time equivalent position, to be served by an exclusive collective bargaining unit representative.

The bill would also grant civil service status, including the ten-month work year salary schedule enjoyed by their certified peers, to twelve-month special services personnel who were hired by the Department of Education in response to the federal Education for All-Handicapped Children Act.

With regards to representation of half-time public school teachers, your Committee finds that present law is intended to provide collective bargaining coverage to any employee who works one-half or fifty percent of the full-time equivalent, rather than twenty hours per week per se. Since full time public schools teachers work a thirty-five hour work week, part-time teachers working seventeen and one-half hours or more should be covered.

With regards to special services personnel, your Committee finds that they perform substantially similar functions as certified Department personnel and should be afforded the same employment conditions, including civil service status and the ten-month work year with salary prorated over a twelve month period.

Your Committee has amended this bill by making several technical changes which have no substantive effect but which conform the bill to recommended drafting style and correct drafting errors:

(1) Page 4, line 22: correct typographical error by omitting space to connect sentence.

(2) Page 5, line 4: add phrase "to be appropriately designated and to".

line 5: replace "Sec." with "\$" and double underscore title.

line 9: delete the period after 94-142 and replace with comma.

lines 11 and 12: lower case the letter c in Chapter.

line 12: delete semi colon after Chapter 77 and replace with period.

line 13: capitalize t in the.

line 16: change the word Act to section and delete semi colon and replace with colon after "provided that".

(3) Page 6, line 2: remove underscore from closing quotation mark.

line 7: delete "and".

line 9: change "chapter" to "chapters".

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 634, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 634, S.D. 1, H.D. 1, C.D. 1.

Representatives Takamine, Souki, Horita, Taniguchi and Medeiros,
Managers on the part of the House.

Senators Yamasaki, Mizuguchi, Nakasato and Ikeda,
Managers on the part of the Senate.

Conf. Com. Rep. 108 on S.B. No. 320

The purpose of this bill is to conform the Hawaii Income Tax Law to the Internal Revenue Code of 1954, as amended by Congress during 1986, particularly by the Tax Reform Act of 1986. The bill includes provisions granting a food tax credit to each individual, a capital goods tax credit, and an exemption from the general excise tax for export sales.

This bill is the Governor's tax package which was submitted to the Regular Session of 1987. The package contains many of the ideas discussed by the Legislature during the past three years--the exemption from the general excise tax for

export sales, the exemption of exported computer services, and a capital goods excise tax credit in place of the exemption from general excise tax of capital goods sales which the Legislature considered. In order to fully appreciate this combination of executive and legislative tax policy, this committee report will discuss the changes in order.

Tax Reform Act of 1986

The Federal Tax Reform Act of 1986 is said to be one of the most important pieces of tax legislation enacted by Congress during the past ten years. Certainly, the Act is massive and extensive. For some, the Act is tax simplification in that taxpayers are dropped from the tax rolls due to increased personal exemptions and standard deductions. For others, the Act complicates income taxes.

Some of the major changes to the Income Tax Law contained in the Tax Reform Act of 1986 and adopted in this bill are the repeal of the zero-bracket amounts and the substitution of standard deduction amounts. These amounts in the State income tax law have been increased to maintain a one-third relationship between the federal amounts and the state amounts. This one-third relationship is based on the federal amounts as they will exist in 1988.

The federal amendments to the Code adopted in this bill include:

- (1) The elimination of the itemized deduction for sales taxes.
- (2) The phased-in elimination of the itemized deduction for consumer or personal interest.
- (3) The adoption of a 2 per cent of adjusted gross income floor for itemized miscellaneous deductions.
- (4) The phase-out of the deduction for individual retirement accounts for those individuals who participate in a pension plan and who are in higher income brackets.
- (5) The limitation of the deduction of business meals and entertainment expenses to 80 per cent of the amount qualifying for the deduction.
- (6) The increase of the floor on itemized medical expense deductions from 5 to 7.5 per cent of adjusted gross income.
- (7) The elimination of the \$100 exclusion for dividends.
- (8) The treatment of net capital gains as ordinary income and elimination of the partial exclusion of capital gains from income.

This bill also conforms the claim of exemption for nonprofit status under the State income tax law to the federal provisions. This will ease compliance for both those claiming the exemption and the Department of Taxation. The requirement that all S corporation shareholders be State residents is eliminated to allow non-resident shareholders. With the increase in the number of S corporation shareholders allowed under the Income Tax Law during the last ten years, requiring all S corporation shareholders to be state residents prevents individuals from moving out-of-state and undesirably limits the use of S corporations.

For the first time since 1965, State income tax brackets and rates are substantially amended. The number of income tax brackets are reduced from the present 12 to 8. The top income tax rate is reduced from 11 per cent to 10 per cent. This reduction in rates is reflected in all brackets. The lower tax rates and reduced number of brackets will help to alleviate bracket creep due to increased income and inflation. Coupled with the food tax credit discussed later, the new rates and brackets will maintain progressivity while providing relief from the income base broadening effects of the Tax Reform Act. In all, about 88 per cent of all single filers, 79 per cent of all joint returns, and 90 per cent of all head of household filers will have a net savings in income taxes.

On the corporate side, the top corporate income tax rate is reduced slightly and three brackets are substituted for the present two. Favorable tax rates are provided for small corporations with taxable income of less than \$25,000.

One of the major questions raised concerning this bill is the treatment of net capital gains as ordinary income and the elimination of the exclusion of 60 per cent of the gain from income for individuals and the special capital gain tax rate for corporations. People have indicated that it is unfair for the State to make the treatment of capital gains in this bill retroactive to January 1, 1987, as many had assumed that the State would continue the old treatment and planned accordingly. Your Committee finds that there are few persons in this category and that full public notice of the retroactive date was not available until late February when the short form bill was reported out of the House Finance and Senate Ways and Means Committees. Since there was a lack of public notice, your Committee finds that it is equitable to extend the treatment of capital gains under the old law through March 31, 1987.

Further review by your Committee has led to the amendment of this bill to provide a cap on the taxation of capital gains for individuals and a special capital gains tax rate for corporations. This is particularly necessary due to Hawaii's inflated prices for real property, as the elimination of favorable capital gains treatment entirely would be especially burdensome to Hawaii's people and businesses.

Your Committee finds that this impact would be greatest on those elderly who are ready to sell their homes and move into a smaller house, or who wish to move into a care home or the like. Failure to alleviate the impact of taxing capital gains totally as ordinary income would lead to a large reduction of the available income that the elderly are able to use after such a sale. The creation of a cap for individuals and a special tax rate for capital gains for corporations will go far to alleviate this problem. The cap for individuals is established at a 7.25 per cent top income tax rate and is similar to the cap imposed by the Internal Revenue Code. In the case of corporations, a special capital gains tax rate of 4 per cent is instituted. Due to the reliance of the Department of Taxation on substantial revenues being generated through the total elimination of favorable capital gains treatment, the institution of the cap for individuals and the special rate for corporations has required your Committee to slightly increase the corporate tax rates to make up for lost revenues. Similarly, the food tax credit is reduced from \$50 to \$45 to compensate for the loss of projected revenues. The rates and tax amounts for heads of household have also been slightly modified to accommodate the capital gains cap.

Food Tax Credit

A food tax credit is provided to each individual to be claimed against income taxes. As stated above, the credit has been reduced from \$50 to \$45. The food tax credit was suggested by the administration as a viable alternative to a general excise tax exemption for the sale of food. The first Tax Review Commission found that 25 to 30 per cent of the estimated \$60 million in general excise taxes collected on food sales is reportedly paid by Hawaii's visitors. A food tax credit against income taxes helps Hawaii residents while continuing the export of part of the tax to Hawaii's visitors. A general excise tax exemption, on the other hand, would cause substantial problems for both the taxpayer as well as the administration with no assurance that the consumer would see any real drop in food prices. The food tax credit against income tax liability is fairer and easier to administer and will be more beneficial for those in lower income brackets. Finally, a U.S. Department of Agriculture study made in 1984 indicates that the average single person spends between \$1,000 on food a year on a thrifty budget and about \$2,200 on a liberal budget. The average family of four spends between \$2,900 a year on a thrifty budget and \$6,400 on a liberal budget. Hence, the \$45 per resident food credit appears to be fair as this is about what most people expend a year on general excise taxes for food purchases. This form of tax relief will alleviate somewhat the regressiveness of the general excise tax, and create an automatic savings incentive for the thrifty.

Capital Goods Excise Tax Credit

A capital goods excise tax credit in the amount of 4 per cent on the amount of capital goods purchased is granted to the taxpayer. This credit is allowed for the purchase of tangible personal property which is depreciable and defined in the investment tax credit provisions of the Internal Revenue Code. The credit is deductible against income tax liability for the year in which it qualifies. The credit is allowed to be carried forward for six years, if the taxpayer is unable to

offset income tax liability in the first year of claim.

Your Committee has amended this capital goods excise tax credit to phase-in the amount of the credit starting with 3 per cent for calendar year 1988 and going to 4 per cent by 1989. This reduction in the amount of the credit will reduce the initial loss of revenues by the State and will further offset the revenues lost due to the cap on net capital gains and the special corporate capital gains tax rate. More importantly, it will allow the Department of Taxation and the taxpayer time in which to become familiar with the credit.

The credit has also been amended to provide that there is no carryover of credit but instead, if the credit exceeds the income tax liability, the excess of credit will be refunded to the taxpayer. The revenue loss projected by the Department is based on every taxpayer claiming and receiving full use of the credit. Making the credit refundable does not change the revenue loss as the loss figure is based on all persons being able to take advantage of the credit. More importantly, the new business to which this credit is particularly directed will receive the benefit of the credit when it will do the most good, that is, in the early, cash-poor years. A refundable capital goods excise tax credit will go far to help business in this State and to create an atmosphere which will generate new businesses for the benefit of Hawaii and its people.

Export Exemption

The bill provides an exemption for sales of tangible personal property which is shipped out of State where the property is resold or otherwise consumed or used in the purchaser's or taxpayer's business. This exemption will have a small impact on state tax revenues and the projected increase in the volume of exported goods represents an inflow of economic wealth, that is, money coming into the State to pay for goods sold out of State. The new economic wealth will mean an increase in revenues to the State through payroll and property taxes that are included in the cost of tangible personal property exported.

This exemption will allow Hawaii to be more price competitive in the world market. This is particularly true of property which is taxed in Hawaii and then taxed under a sales tax in another state when sold at retail. Since in most instances the cost of goods sold reflects all prior costs and taxes, goods sold in another state from Hawaii cost more than goods produced in that state assuming both types of goods have equal costs of manufacture, other than the general excise tax.

Your Committee has amended this bill to add back the exemption of certain exported computer services. The exemption is provided for technical services necessary to develop, design, modify, and program computer software. The increase in the cost of goods from Hawaii sold in other states is particularly highlighted in the case of the creation of computer software. Since such software represents services according to the Department of Taxation, the general excise tax on such software in Hawaii is at a rate of 4 per cent. When such software is sold, for example, in California, the price of such software includes the 4 per cent Hawaii general excise tax and incurs a 6 per cent California sales tax.

The accumulation of taxes makes it most difficult for Hawaii software to compete in the California market or markets in other states. Your Committee finds that this particular industry is one which cannot compete on the mainland if this exemption is not granted. If the industry cannot compete, then the industry will not locate in Hawaii, to Hawaii's loss. This situation is very apparent, since many of the people in the computer software field have already moved out of the State to other states with better tax climates.

This amendment is necessary to support this desirable high technology industry in Hawaii. Even though substantial distances may exist between the seller and buyer of goods, the computer software industry is made for a state like Hawaii, where location of the business makes little difference. Computer software, if in hard form, weighs little, and even more importantly can be sent by telephone from Hawaii to any place in the world. While your Committee realizes that exemptions of this sort may lead to others requesting a similar exemption, it is not the intention of your Committee to encourage, nor does your Committee encourage, such requests in the future.

Your Committee has also made technical amendments to clarify some of the

provisions of the bill. On page 9 of the bill as received clarifying language has been added to subsection (d)(1)(A)(i) to clarify that the reference to section 235-2.4(a), Hawaii Revised Statutes, is to those provisions of Section 63(a)(5)(A) of the Internal Revenue Code which are operative under Section 235-2.4. The reference in Section 235-2.4(a), Hawaii Revised Statutes, to standard deduction amounts in Section 63(b) of the Code has been corrected to a reference to Section 63(c) of the Code. Review of Section 63(f) of the Code indicates that the reference in Section 235-2.4(a), Hawaii Revised Statutes, to that section should be that the Code provisions are not operative. The tax rate in Section 235-2.4(n)(3) and (4) has been increased from 6 per cent to 6.4 per cent to reflect the amendment to corporate rates in the conference draft. Other technical amendments have been made.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 320, S.D. 2, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 320, S.D. 2, H.D. 1, C.D. 1.

Representatives Souki, Arakaki, Fukunaga, Horita, D. Ige, M. Ige, Ihara, Kanohe, Kawakami, Leong, Tajiri, Tungpalan, Cavasso, Isbell and Marumoto,
Managers on the part of the House.

Senators Yamasaki, Aki, Blair, Fernandes-Salling, Hagino, B. Kobayashi, Matsuura, Mizuguchi, Nakasato, Young, Henderson, Ikeda and A. Kobayashi,
Managers on the part of the Senate.

Conf. Com. Rep. 109 on S.B. No. 1735

The purpose of this bill is to authorize appropriations for satisfaction of judgments against the State, settlements, the refund of real property taxes and miscellaneous claims as provided by section 37-77, Hawaii Revised Statutes. This bill also appropriates an additional sum for the settlement of Moseman Construction v. State, Civil No. 84-1226.

Your Committee amended this bill by adding to Section 1, the case of Doe v. Mr. and Mrs. A., Civil No. 86-0028, having a claim of \$13,170.53.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1735, S.D. 2, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1735, S.D. 2, H.D. 2, C.D. 1.

Representatives Metcalf, Souki, Bellinger, Hayes and Jones,
Managers on the part of the House.

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

Conf. Com. Rep. 110 on S.B. No. 1000

The purpose of this bill is to implement the recommendations made in the job evaluation study of selected State and county civil service job classes pursuant to Act 157, Session Laws of Hawaii 1986. The measure also includes a \$2 million appropriation to fund the proposed statutory adjustments.

Act 157 was enacted to establish in the State a public policy to achieve an equitable relationship between the value of work performed by state and county civil service employees and their salary or wage schedules. To carry out this purpose, Act 157 authorized the hiring of a consultant to conduct a study and to make recommendations to the Legislature in 1987.

Your Committee has amended the bill by changing the appropriation amount from \$2,000,000 to \$850,000 to fund the adjustments in Sections 3 and 4 of this bill. The funds shall be appropriated for fiscal year 1987-1988 rather than for fiscal years 1987-1989.

Your Committee has further amended the bill to delete reference to a Senate Draft 1 which was inadvertently included in the bill presently before your Committee.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1000, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1000, H.D. 2, C.D. 1.

Representatives Takamine, Souki, Horita, Taniguchi and Medeiros,
Managers on the part of the House.

Senators Nakasato, Yamasaki and Reed,
Managers on the part of the Senate.

Conf. Com. Rep. 111 on S.B. No. 769

The purpose of this bill is to clarify several sections of the Hawaii Revised Statutes governing campaign contributions and expenditures.

Your Conference Committee has amended the bill as follows:

- (a) In Section 11-191, amended the definition of loan to define what a loan is;
- (b) Amended Section 11-203 to allow candidates for statewide offices to hold unlimited fund raisers;
- (c) Amended Section 11-209 to leave the present amount per voter for candidates who voluntarily limit their campaign expenditures, but allows the annually compounding to go back to 1979;
- (d) In Section 11-212, provided that if aggregate contributions total \$500 or less, a short form report can be filed;
- (e) Amends Section 11-209 to require a candidate or committee who exceeds the expenditure limit to notify the commission and all opponents by telephone and in writing on the day he exceeds the expenditure limit;
- (f) Restored Subsection 11-216(d) so that filing, investigations, and hearings on complaints are confidential until the commission determines that probable cause exists;
- (g) Rescinded the repealing of Section 11-221 which sets the amount candidates for the office of Governor, Lieutenant Governor, and Mayor are entitled to receive under Sections 11-217 and 11-220;
- (h) Deleted the amendments in Subsection 11-222(a) so that upon approval, matching funds are distributed equally between the primary and general elections;
- (i) Made other nonsubstantive technical or grammatical changes.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 769, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 769, S.D. 1, H.D. 1, C.D. 1.

Representatives Metcalf, Hayes, Peters, Yoshimura and Medeiros,
Managers on the part of the House.

Senators Hee, Chang, McMurdo, Menor and George,
Managers on the part of the Senate.

Conf. Com. Rep. 112 on S.B. No. 486

The purpose of this bill is to provide that any person who causes the death of, or serious bodily injury to another person while driving under the influence of intoxicating liquor, shall be guilty of a class C felony.

The Senate and House of Representatives are gravely concerned that people are being seriously injured and dying on the highways because of drunk drivers. The community as a whole joins in this concern, and testimony was received in favor of mandatory terms of imprisonment, and heavier terms of imprisonment if a second offense occurs within a short period of time. For these reasons, your Conference Committee amended the bill with regard to causing death or injury while driving under the influence of intoxicating liquor as follows:

(a) establishing the crimes of negligent homicide, grave bodily injury, and serious bodily injury caused by driving under the influence of intoxicating liquor;

(b) establishing the penalties for a first offense for negligent homicide and grave bodily injury as Class C felonies, with a mandatory term not to exceed 1 year imprisonment, a fine of not less than \$500 nor more than \$5,000, be referred to a court approved alcohol rehabilitation program as provided in 291-4(c), and have the driver's license promptly revoked and be prohibited from applying for a new license for not less than 1 year after completion of the term of imprisonment;

(c) for a second offense of negligent homicide and grave bodily injury within five years of the first offense, a minimum term of imprisonment of 5 years, and the same fine, referral to an alcohol rehabilitation program, and license revocation and prohibition for reapplying for a license.

(d) establishing penalties for a first offense for serious bodily injury of up to 1 year imprisonment, a fine not to exceed \$1,000, and the same referral to an alcohol rehabilitation program, and license revocation and reapplication prohibition. For a second offense, the penalty becomes a mandatory term of 1 year imprisonment, a fine of \$1,000, referral to an alcohol rehabilitation program, and license revocation and reapplication prohibition.

(e) in order to give the court discretion to adjust the penalties based on strong mitigating circumstances, the Conference Draft provides that the court can set a lesser minimum term of imprisonment for the crimes of causing grave bodily injury or serious bodily injury.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 486, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 486, S.D. 1, H.D. 1, C.D. 1.

Representatives Metcalf, Andrews, Bellinger, Yoshimura and Medeiros,
Managers on the part of the House.

Senators Hee, Chang, Fernandes-Salling, McMurdo and Reed,
Managers on the part of the Senate.

Conf. Com. Rep. 113 on S.B. No. 847

The purpose of this bill is to change the conditions under which a mandatory sentence can be imposed when a person uses or possesses a firearm while committing a felony.

Section 706-660.1, Hawaii Revised Statutes, presently allows a judge to sentence a person convicted of a felony with a firearm to a mandatory term when a person has the firearm and threatens to use it. This bill as originally drafted would have mandated the court to impose a mandatory term even if the firearm is not used as a threat, is unloaded, and is inoperable.

The Senate Judiciary amended the original bill to allow the judge who sentences a first offender the discretion to review all the circumstances of the crime, and then determine whether a mandatory sentence should be imposed. If, however, a second offense is committed while using or possessing a firearm, the mandatory sentences provided in the bill shall be imposed.

The House Judiciary Committee amended S.B. 847, S.D. 1, to return the statute to its current form by reinserting the "and" between "possession" and "threatened". The House Judiciary Committee stated in House Standing Committee Report No. 1041 that the mere possession of a firearm while committing numerous class C property crimes does not justify mandatory prison terms, even if discretionary.

The House Judiciary Committee also deleted the mandatory prison term for the second firearm offense because it felt the repeat offender statute, Section 706-606-5, Hawaii Revised Statutes, adequately addressed the problem of the repeat offender.

Your Committee upon further consideration has amended this bill by reinserting the language of S.B. 847, S.D. 1. Your Committee believes that the provision

allowing for judicial discretion in imposing a mandatory term will address the concern that under certain circumstances the mere possession of a firearm may not justify a mandatory prison term.

Your Committee also made a housekeeping amendment adding the words "and attempted murder" and "up to" to line 12 on page 1 of this bill.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 847, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 847, S.D. 1, H.D. 1, C.D. 1.

Representatives Metcalf, Cachola, Peters, Shito and Hemmings,
Managers on the part of the House.

Senators Hee, Kuroda, Cobb, J. Wong and George,
Managers on the part of the Senate.

Conf. Com. Rep. 114 on S.B. No. 1367

The purpose of this bill is to increase the monthly retirement allowance starting July 1, 1987, for each retirant and pensioner with at least ten years of credited service who retired prior to July 1, 1982, and who was receiving a retirement allowance from the employees retirement system on June 30, 1987.

Your Committee has amended the bill by inserting the amount of \$3.7 million to be expended by the Department of Budget and Finance for the fiscal biennium 1987-1989 for an additional \$2.00 a month for each year of the retirant's or pensioner's credited service, if the person retired prior to July 1, 1965, and an additional \$1.00 a month for each year of the retirant's or pensioner's credited service, if the person retired after June 30, 1965, but prior to July 1, 1975.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1367, S.D. 1, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1367, S.D. 1, H.D. 2, C.D. 1.

Representatives Takamine, Souki, Ihara, Tungpalan and Medeiros,
Managers on the part of the House.

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

Conf. Com. Rep. 115 on H.B. No. 49

The purpose of this bill is to appropriate funds to the programs of the Judiciary for the 1987-89 fiscal biennium.

INTRODUCTION

Each year since 1974, the Judiciary prepares and submits a separate budget document from that submitted by the Executive Branch. This underscores the Judiciary's autonomy as a separate branch of State government. This also imposes upon the Judiciary the responsibility to develop realistic program and financial plans that consider projected State revenues, budget ceilings, general fund expenditures and bonded debt.

Your Committee believes that the State judicial system is one of the finest in the nation -- Hawaii is fortunate in having a single unified court system serving all the people of the State. New systems, unfortunately, grow with imperfection. Your Committee is thus concerned that the Judiciary formulates its budget without consideration of the realities of statewide resource limitations and with an inordinate level of credence in perceived needs. Accordingly, your Committee substantially reduced the funding level for the Judiciary. In making the adjustments, however, your Committee reserved for the Judiciary a degree of flexibility to enable it to meet unbudgeted and unexpected needs.

METHODOLOGY

For the Fiscal Biennium 1987-89, the Judiciary requested its largest budget to date; \$60.8 million and 1,624 positions for FY 88, and \$60.5 million and 1,732 positions in FY 89. This represents increases over the current year funding of 17.5 percent in the first year, and 17.0 percent in the second year. The requested position counts exceed the current year authorization by 13.2 percent in FY 88 and 20.7 percent in FY 89.

In reviewing the details of the Judiciary budget, your Committee found that many requests lacked full substantiation. The reductions recommended by your Committee will bring the Judiciary request, currently \$5.8 million beyond its general fund ceiling, within the appropriation ceiling.

The Senate approached the budget on a line by line "micro" review of proposed expenditures. The House instead chose a "macro" or lump-sum approach taking a current services base and allowing a 4% inflation factor increase for "other current expenses." Despite the decidedly dissimilar approaches the budgets proposed by both houses were remarkably similar. For example, in FY 88 the budgets differed by 1% and in FY 89 by less than 2%.

The unexpected convergence of the budgets served to validate both approaches. The Senate's "line by line" approach provided the detailed examination required to justify modifications to the Judiciary budget. The House's current service plus inflation approach provided a "base" against which budget modifications were measured and served to confirm their validity. As a result, the budget for the Judiciary truly represents a joint effort, on the part of both houses, to tighten spending while still enabling the Judiciary to meet its needs.

THE OPERATING BUDGET

On the whole, the Judiciary's operating budget request has been reduced, but essential programs and operations will not be affected. Some of the significant reductions to the budget reflect the deferral of major purchases, such as the proposed acquisition of a new mainframe computer. The bill also reallocates resources to a limited number of programs for specific purposes to meet priority needs.

For FY 1988, \$52.5 million was appropriated and 1421.5 permanent positions were authorized for operating expenses of the Judiciary which are to be funded by the General Fund. For FY 1989, the appropriations total \$53.4 million and 1441 positions were authorized.

With regard to personal services, 61 new permanent position counts are recommended. Your Committee believes that a larger number of new positions is not warranted, as there are presently more than 100 vacancies in the Judiciary which could be reallocated to address high priority personnel needs. It is noted that 161 new positions were authorized in FY 1985-86, and 6 more were added in FY 1986-87. Your Committee determined that filling existing vacancies and evaluating their impact on workload should precede future requests for additional positions.

Courts of appeal. Your Committee approved a new law clerk position to assist the Supreme Court with case assignments and related matters.

Circuit Courts. Your Committee funded fourteen (14) new positions throughout the circuit court program. Four (4) permanent positions are assigned to the Administrative Judge of the First Circuit to handle increased workload among the motions judges. Your Committee also allocated six (6) court staff positions to the Third Circuit to establish filing capacity for circuit court documents in Kona. Funding has been provided for Gyr machines to implement an experimental electronic sound recording system for court reporting in the First Circuit.

Family Courts. This program received the largest increase in position count. Some forty-five (45) new positions are distributed throughout the State to handle increasing workloads in all aspects of family law. Social workers and support staff have been provided for the juvenile intake and adult services branch. Juvenile detention officers have been authorized due to the increase in admission to Hale Ho'omaluu, the detention facility on Oahu. Purchase of service funds have been provided for therapeutic mediation in divorce cases and for the domestic violence programs statewide. Funding has also been provided by separate legisla-

tion to cover increased fees for guardian ad litem and indigent defendant counsel.

District Courts. This area experienced a reduction in the number of positions because of a large number of vacant positions. Your Committee, however, funded new and innovative programs such as a pilot video arraignment project to handle increasing workload in Honolulu traffic court.

Your Committee also approved a night court project in Koolaupoko District Court because of the large caseload, but also as an innovative attempt to maximize use of the courtroom and accommodate day workers who would otherwise take off from work to attend court. The biggest new program is some \$284,225 for security equipment to detect weapons on persons attending court. This should reduce future manpower needs. Student help funds have been provided in the First Circuit. A clerk typist has been provided to staff an additional courtroom in Koolaupoko. Clerk typists have also been provided to the Traffic Violations Bureau in Wailuku and the Lahaina District Court.

Administrative Director Services. Your Committee also funded ten (10) new positions for this program. Four of the positions addressed the concerns raised in the Report of the Citizens Panel reviewing the Judiciary, as well as the Arthur Young report recently presented to this Legislature. These positions will go to the fiscal and audit sections for cleaning up the operation in the Judiciary. Two purchase of service programs received increased funding: the Neighborhood Justice Center and the Waiakea YMCA Mediation program.

Your Committee encourages the Judiciary to allocate some vacant positions to address the concerns of the two reports, as well as altering the management structure and procedure to otherwise improve the Judiciary's fiscal performance.

THE CAPITAL IMPROVEMENTS BUDGET

The Judiciary's capital improvements budget request for the 1987-89 fiscal biennium totaled an unprecedented \$67 million. Your Committee's evaluation is that the various projects being proposed represent an unrealistic capital improvements program based on extravagant assumptions and expectations. There appears to be no justification for these costly projects in terms of need, increasing caseloads, or marked deficiencies in existing facilities. Therefore, your Committee recommends deferral of the proposed Oahu Family Court Center, the Hilo Judiciary complex, the Kauai Judiciary complex, the Molokai, Wahiawa, Makawao, and Koolaupoko District Courts until such time as the Judiciary can present to the Legislature a more realistic program for the cost-effectiveness provision of judicial services in the rural areas of the State.

In light of the above, your Committee appropriated the sum of \$1,000,000 for (1) remodeling and upgrading of Judiciary buildings statewide, and (2) advance planning for improving Judiciary facilities statewide.

SUMMARY

Your Committee finds that the Judiciary budget requested for the next biennium is significantly overstated, and in many areas, the requests have not been justified.

Your Committee notes that despite the budget reductions, the Judiciary retains limited, but still sufficient flexibility and control to reallocate its budgeted resources. The provisions of this Act allow sufficient funds to be transferred between programs.

Ours is a complex society, and surely the Judiciary's role in that society is made more difficult by ever-increasing demands for public services and the expeditious dispensation of justice. It is essential, however, that public funds expended in operating our judicial system be prudently allocated, as the State's resources are not infinite.

Your Committee finds that there is a need for a comprehensive review of management practices in the Judiciary, in terms of systems, techniques, and expectations. In the process of reviewing the Judiciary's budget, your Committee found a lack of overall goals and specific objectives to which the proposed expenditure

of funds can be related. Your Committee urges the Judiciary to scrutinize closely its operations and give careful consideration to developing definitive plans for coping with identified problems and issues, and to set objectives by which its accomplishments and anticipated outcomes can be measured. Your Committee believes that a thorough management review will assist the Judiciary in carrying out its responsibilities more efficiently and effectively, and should, therefore, be accorded the highest priority.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 49, H.D. 1, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 49, H.D. 1, S.D. 2, C.D. 1.

Representatives Souki, Arakaki, Fukunaga, Horita, D. Ige, M. Ige, Ihara, Kanoho, Kawakami, Leong, Tajiri, Tungpalan, Cavasso, Isbell and Marumoto,
Managers on the part of the House.

Senators Yamasaki, Aki, Blair, Fernandes-Salling, Hagino, B. Kobayashi, Matsuura, Mizuguchi, Nakasato, Young, Henderson, Ikeda and A. Kobayashi,
Managers on the part of the Senate.

Conf. Com. Rep. 116 on S.B. No. 1068

The purposes of this bill as received are to transfer the Office of the Sheriff from the Judiciary to the Attorney General's office and to transfer the Capitol Security (SLEO) program from the Attorney General's office into a new section of the proposed Department of Corrections in H.B. 5, S.D. 1, H.D. 2.

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

1. Deleted the provision transferring SLEO to the proposed Department of Corrections. Your Committee believes that SLEO performs a law enforcement function and is most appropriately placed under the direction of the Attorney General who is the chief law enforcement officer of the State.

2. Added provisions repealing Sections 601-31, 601-32, 601-33, 601-34, 601-35, 601-36, 601-37, and 601-38, Hawaii Revised Statutes, relating to the office of the Sheriff within the Judiciary. The substance of these sections are established under Chapter 28.

3. Repealed Section 601-51, Hawaii Revised Statutes, relating to the powers of security personnel and deleted the section in the bill making the same provision. These amendments were made because Section 28-11.5, Hawaii Revised Statutes, already provides adequate powers to State law enforcement officers employed by the Department of the Attorney General.

4. Deleted the provision that the Office of the Sheriff be transferred to the Attorney General "for administrative purposes only". Your Committee notes that the Citizens' Panel on Judicial Administration which recommended that the Office of the Sheriff be removed from the Judiciary also emphasized the management deficiencies of the operations of the Sheriff's office and the lack of control of the Sheriff over those operations. Thus, the Sheriff's office should be subject to the supervision and control of the Attorney General.

5. Deleted the first sentence of the section relating to compensation of the Sheriff and first and second deputies. This provision is outdated verbiage.

6. Added a section transferring all rights, power, functions and duties of the judiciary relating to the function of the Sheriff to the Office of the Attorney General, and providing that no employee shall lose any benefit or privilege as a consequence of this transfer.

7. Added a section transferring all records, documents, appropriations, equipment and other property held by the Judiciary in the exercise of the Sheriff's function, to the Department of the Attorney General.

8. Added a provision that the transfer of the Sheriff's office to the Department of the Attorney General shall be for a limited time period dating from the approval of this bill to June 30, 1988. This amendment was made to allow the

Legislature to review the effect of this legislation and find a permanent placement for the Sheriff's office. Therefore, Section 5 provides that Sections 601-31 through 601-38, Hawaii Revised Statutes, shall have no force and effect from the effective date of this bill to July 1, 1988, and those sections shall be superceded by section 1 of this bill.

9. Added a section providing that from July 1, 1988, all rights, powers, functions and duties in the Attorney General's office relating to the function of the Sheriff shall be transferred back to the Judiciary, and that no employees shall lose any benefit or privilege as a consequence of this transfer.

10. Added a section providing that from July 1, 1988, all records, documents, appropriations, equipment and other property held by the Attorney General's office in the exercise of the Sheriff's function shall be transferred back to the Judiciary.

11. Added a new section to Chapter 26, Hawaii Revised Statutes which would establish executive personal security officers within the Office of the Governor and the Office of the Lieutenant Governor whose primary function would be to provide security coverage for those executives. Currently, personnel from the capitol security program of the Attorney General's office provide such security. Your Committee believes that because these personnel work so closely with the Governor and Lieutenant Governor, they should be appointed and administered by those offices.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1068, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1068, H.D. 1, C.D. 1.

Representatives Metcalf, Andrews, Bellinger, Takamine and Hemmings,
Managers on the part of the House.

Senators Hee, Chang, McMurdo, J. Wong and George,
Managers on the part of the Senate.

Conf. Com. Rep. 117 on H.B. No. 1500

The purpose of this bill is to establish a training program within the Department of Labor and Industrial Relations ("Department") to provide pre-employment training or retraining of local workers or those workers who are living in the State to meet the specific needs of qualifying businesses in the State.

Your Committee finds that Hawaii's property and place in the world economy ultimately depend on the value of the work our people do. Their knowledge, skills, wisdom, enthusiasm and versatility can give Hawaii a great competitive advantage in the international market for goods and services.

Your Committee finds, however, that this advantage is now at considerable risk because of a lack of attention to retraining and upgrading the skills of Hawaii's workers to meet the new demands of and to capitalize on the advantages offered by high technology and to afford individuals an opportunity to move into higher levels of interest, responsibility and creativity.

The establishment of the New Industry Training Program, as provided by this bill, is consistent with the State's goal of economic diversification, in general, and high technology development, in particular. This bill would forge a new and exciting partnership between the State and private enterprise which would increase the State's labor force of trained workers and attract new companies to the State's developing high technology parks. Implementation of the New Industry Training Program will coincide with the opening of these facilities, thereby providing an inducement for businesses to relocate to Hawaii and hire workers who are now living in the State and to expand existing operations within the State.

The program would be administered by the Department with moneys to be used to design training or retraining programs to meet the needs of qualifying businesses, to reimburse instructors, to rent appropriate training facilities and equipment, to purchase or develop instructional materials and for other training-related expenses. The bill provides for utilization of resources from the University of Hawaii, High Technology Development Corporation and other public or private entities, and authorizes the Department to contract with these entities to

meet training needs.

In order to qualify under the program, the bill requires the business to: be licensed to do business in Hawaii; establish or expand operation in Hawaii; and be engaged in growth industry. Finally, the bill also authorizes the Department to adopt rules to further clarify eligibility requirements for businesses and industries, individuals for job training and types of job positions targeted for training. Although the bill provides for full funding of the proposal, it is expected that the Department will excuse case and retrain in ensuing that the program will commence with the appropriate scope, scale and direction.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1500, H.D. 1, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1500, H.D. 1, S.D. 2, C.D. 1.

Representatives Takamine, Fukunaga, Crozier, Horita and Marumoto,
Managers on the part of the House.

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

Conf. Com. Rep. 118 on H.B. No. 310

The purpose of this bill is to expand the boundary of the Kakaako Community Development District to include the waterfront area from Kewalo Basin to Fort Armstrong. The effect of this bill is to enable the Hawaii Community Development Authority (HCDA) to assume authority and responsibility for planning and regulating development activities in this waterfront area.

Your Committee upon further consideration has made the following amendments to this bill:

(1) Further expanded the boundaries of the Kakaako District to include all fast and submerged lands makai of Nimitz Highway from Pier 8 and Bishop Street to Pier 4.

(2) Clarified that the area which is within the Kakaako waterfront park boundary may be developed as a "park" rather than a "State park".

(3) Deleted the Director of the Department of Social Services and Housing and the chairpersons of the respective Senate and House of Representatives committees having primary jurisdiction over the HCDA's activities, as members of the HCDA.

(4) Changed the effective date of the Act to upon its approval.

(5) Made technical, non-substantive amendments.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 310, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 310, S.D. 2, C.D. 1.

Representatives Shito, Fukunaga, Hayes, Tom and Ribellia,
Managers on the part of the House.

Senators Chang, Blair, J. Wong, Young and A. Kobayashi,
Managers on the part of the Senate.

Conf. Com. Rep. 119 on H.B. No. 35

The purpose of this bill is to regulate the water resources of the State of Hawaii for the benefit of its people.

Article XI, Section 7, of the Constitution of the State of Hawaii mandates the State's obligation "to protect, control and regulate the use of the Hawaii's water resources for the benefit of its people", and requires that:

"(t)he Legislature shall provide for a water resources agency which, as provided by law, shall set overall water conservation, quality and use policies; define beneficial and reasonable uses; protect ground and surface water re-

sources, watersheds and natural stream environments; establish criteria for water use priorities while assuring appurtenant rights and existing correlative and riparian uses and establish procedures for regulating all uses of Hawaii's water resources."

Recognizing the magnitude and importance of this charge to the State by the 1978 Constitutional Convention, your Committee on Conference has resolved the differences in the two versions of the Water Code. Your Committee wishes to express its deep appreciation to the late Richard A. Kawakami, Speaker of the House of Representatives of the Fourteenth Legislature, State of Hawaii, for his leadership and inspiration for final passage of this important legislation which will seek to preserve for the citizens of this State this most precious natural resource. Speaker Kawakami's gentle prodding brought this Water Code to resolution after nearly nine years of debate.

Both House and Senate versions of the Water Code are similar in concept. The House version (H.D. 1) and the Senate version (S.D. 2) are compared as follows:

| <u>HOUSE</u> | <u>SENATE</u> |
|--|--|
| <u>Findings</u> | <u>Findings</u> |
| Part | Part |
| I Administrative Structure | I Administrative Structure |
| II Reports on Water Use | II Reports on Water Use |
| III Hawaii Water Plan | III Regulation of Water Use |
| IV Regulation of Water Use | IV Water Quality |
| V Water Quality | V Instream Uses of Water |
| VI Instream Uses of Water | VI Wells |
| VII Wells | VII Stream Diversion Works |
| | VIII Native Hawaiians Water Rights |
| Water Code Review Commission | Transfer Provisions |
| No State Mandate | Water Code Review Commission |
| Repeal of Chapters 176, 176D, 177, and 178 | No State Mandate |
| Nomination Procedure for Water Resources Board | Repeal of Chapters 176, 176D, 177, and 178 |
| Transition Provisions | Appropriation |
| Severability | Effective Date and Transition Provisions |
| Appropriation | |
| Effective Date | |

The major differences between the two Houses have been resolved as follows:

(1) The new six person, part-time, unpaid commission on water resource management is established in the Department of Land and Natural Resources. The chairperson of the Board of Land and Natural Resources will be the chairperson of the Water Resources Commission. The Director of the Department of Health will serve as an ex officio voting member of the Commission. Four other members will be selected by the Governor from a slate recommended to the Governor by a selection commission and shall be subject to confirmation by the Senate.

(2) A first deputy to the chairperson of the Commission is to be appointed by the chairperson with majority approval of the Commission. This deputy is to be someone other than any other first deputy to the chairperson as head of the board of land and natural resources. The Commission's first deputy shall be its chief executive officer.

(3) The counties' powers to plan and zone shall not be affected by the Code. Rights to use of water resources cannot be acquired by prescription.

(4) The Water Commission is charged with the administration of the Water Code with specific functions spelled out, including the establishment of an instream use protection program (part VI) and a permit system (part V). It is not the intent, however, to require an instream use permit for routine stream maintenance activities or for projects which have commenced construction.

(5) A statewide dispute resolution mechanism is created in this Act to bring all water disputes before the Commission, rather than the courts, for expeditious and inexpensive resolution of conflicts both within and outside designated water management areas.

Your Committee believes that the Commission has the authority to and should adopt rules for the resolution of disputes which would include but not be limited to the inexpensive and timely determination of appurtenant rights, existing riparian uses, and existing correlative uses in disputes brought before the Commission; and the issuance of orders and rulings to protect the rights and uses of parties as determined by the Commission. Both Houses agree that the final decision on these matters shall be made by the Commission. To the extent that the Commission believes further legislation in this area would be beneficial, the legislature would expect and welcome such proposals from the Administration.

(6) Any affected county agency may be admitted as a party to proceedings upon request.

(7) Reports of Water Use (part II) has been rewritten. A person shall declare and seek a certification of one's water use pursuant to Commission rules. The Commission is required to give notice of such rules by publication and by personal mailed notice to certain parties. The contents of the declarations are specified and if approved, the Commission shall issue a certificate describing the use. Hearings shall be held, if requested. Upon termination of a certified use, the certificate owner shall file a report with the Commission.

The section on certificates of use is intended to afford protection to constitutionally recognized interests under Article XII, Section 7 of Hawaii's Constitution that are not in designated areas. The Commission should adopt rules to provide adequate notice and procedural safeguards for all users including actual notice of applications to other users, that may be affected, hearing procedures, and conditions in a manner similar to that provided for permits in designated areas. Certificates of use shall be subject to appurtenant rights, existing riparian uses, and existing correlative uses.

(8) An entire new part III describing the Hawaii Water Plan is added. This is essentially the provisions contained in H.B. No. 35, H.D. 1.

(9) Water management areas may be designated under specific criteria, including situations where serious disputes are occurring or where increasing or proposed diversions of surface water may detrimentally affect existing instream uses or existing offstream uses.

(10) The county shall notify the Commission within sixty days after receipt of notice of a permit request as to whether a proposed use is inconsistent with county land use plans and policies. In addition, requests for water in "an amount per month established by rule" may be made without modifying the permit. Existing uses of water in newly designated areas may continue until the Commission has acted on permit applications.

(11) Appurtenant rights may not be lost. Riparian and correlative uses are protected in designated areas.

(12) Jurisdiction over water quality has been expanded to also provide for exchange of information and for the formulation of a State water quality plan by the Department of Health.

(13) The Commission is directed to implement instream flow standards when disposing of water from State watersheds and when regulating use of lands and waters within conservation districts.

To the fullest extent possible, it is the intent of the Legislature that interim instream flow standards be established prior to either new or expanded diversions of water from a stream. Protection of our streams is an important part of the water code.

It is your Committee's recommendation that the interim instream flow standards be undertaken by a joint Department of Land and Natural Resources, and appropriate federal agencies such as the U.S. Fish and

Wildlife Service and U.S. Geological Survey, in order to take advantage of in-house, least-cost expertise.

(14) Your Committee deleted the provision relating to the prohibition of the sale of water covered by permits and the ability of permittees to recover the costs of development and distribution of water. However, this deletion does not imply that the "sale" of water is affirmatively sanctioned by this Act; nor does this deletion imply that this Act curtails the ability of permittees to recover costs of developing and distributing water subject to the provisions of this Act.

(15) In part IX on Native Hawaiian Rights, the cultivation or propagation of taro on one's own kuleana has been added to the enumeration of items considered traditional and customary.

(16) The Commission is mandated to adopt interim instream flow standards for Windward Oahu by July 31, 1987, for East Maui and Kauai by December 31, 1987, for Hawaii and Molokai by July 1, 1988, and for West Maui and Leeward Oahu by December 31, 1988.

(17) Other nonsubstantive changes were made throughout the Code for purposes of clarity.

The provision transferring functions from the Department of Land and Natural Resources to the Department of Agriculture has been deleted because there is a separate bill which provides for managing irrigation water facilities.

The appropriation to the Department of Land and Natural Resources has been adjusted to provide for \$861,000 in fiscal year 1987-1988 and \$410,000 in fiscal year 1988-1989.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 35, H.D. 1, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 35, H.D. 1, S.D. 2, C.D. 1.

Representatives Levin, Souki, D. Ige, Lee and Pfeil,
Managers on the part of the House.

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

Conf. Com. Rep. 120 on H.B. No. 42

The purpose of this bill is to organize and sponsor a conference on Hawaii's Workers' Compensation State Fund which was created by the Legislature in 1985.

Your Committee amended the bill by increasing the appropriation to carry out the purposes of the bill from \$100,000 to \$150,000 and amending the effective date from July 1, 1988 to the date that the bill is approved.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 42, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 42, H.D. 1, S.D. 1, C.D. 1.

Representatives Takamine, Hirono, Souki, Horita and Pfeil,
Managers on the part of the House.

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

Conf. Com. Rep. 121 on H.B. No. 444

The purpose of this bill is to provide employers an adjustment in the taxable wage base which reduces their contribution to the unemployment insurance trust fund for calendar year 1988.

Your Committee has reviewed and carefully considered the pertinent economic history in relation to amendments in Hawaii's unemployment insurance laws. In the early 1970's adverse economic conditions substantially increased the number of persons unemployed in Hawaii. The relatively immense reserve fund of \$44.1

million in 1970 declined drastically and although an emergency 3% flat contribution rate went into effect in April 1975, the trust balance continued to decline, was depleted in February 1976, and was reduced to a \$12 million deficit at the end of 1976.

In 1976 and 1977, the Legislature responded to the nearly bankrupt unemployment insurance trust fund by enacting several major amendments to the unemployment compensation law affecting both benefit payments and the financing of benefit payments. The Legislature amended Section 383-30 by requiring unemployment insurance claimants to work five consecutive weeks in order to requalify for benefits if the individual had voluntarily separated from employment without good cause or had been suspended or fired for misconduct. In 1977 amendments were adopted to require employers to pay contributions for wages up to the average annual wage regardless of the amount of money in the Trust Fund.

Since 1977, the Fund balance has increased. In 1987 it is anticipated that the Fund balance will exceed \$200,000,000. This bill amends Section 383-61, Hawaii Revised Statutes, to provide for variable taxable wage basis depending upon the relationship of the Fund balance to the adequate reserve level as defined in Section 383-63, Hawaii Revised Statutes, for calendar year 1988. Your Committee finds that the amendment will apply an additional adjustment factor to the unemployment insurance financing structure which, together with the existing fund solvency contribution rate, will more effectively respond to rapid increases in the Fund balance in excess of the adequate reserve level, while ensuring that tax collections are sufficient to maintain program solvency.

The amendment to Section 383-61 is expected to save employers approximately \$20,000,000 in calendar year 1988.

Your Committee on Conference is in accord with the intent and purposes of H.B. No. 444, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 444, H.D. 1, S.D. 1, C.D. 1.

Representatives Takamine, Hirono, Horita, Taniguchi and Anderson,
Managers on the part of the House.

Senators Nakasato, Mizuguchi and Reed,
Managers on the part of the Senate.

Conf. Com. Rep. 122 on H.B. No. 445

The purpose of this bill is to amend Chapter 394B, Hawaii Revised Statutes, to provide further assistance and relief to workers who are suddenly displaced as a result of plant closures, partial plant closures, and relocations of business establishments.

We reaffirm the original intent and purpose of Chapter 394B as enacted in 1983 and find more than ever that the unannounced and sudden shut down of business establishments threatens to irreparably harm affected employees, their families and the local communities where they reside. A recent study of the Bureau of Labor Statistics estimates that approximately 5.1 million workers over the age of 20, having worked for three years or more, have lost jobs between January 1979 and January 1984 because of plant shutdowns or relocations, slack work, or abolishment of shifts or jobs. The most frequent reason for closing a facility was a change in company markets (products or process obsolescence, or increase domestic or foreign competition) which was cited by nearly one-half of the respondents to a study conducted in 1986. Organizational change (acquisition of new company, change in production or distribution technology) was cited by nearly one-third of the study's respondents. Facility characteristic (obsolete plant or unproductive work force) and community problems (access to raw materials or local taxes) were among the reasons given.

Section 1 of this bill identifies the problem of unexpected and sudden lay offs or terminations and their consequences. The purpose and objective of this bill is to provide protection to all employees who may suffer the effects of displacement due to various forms of business transactions.

Section 2 of this bill establishes the scope and extent of the coverage to the enactment. In defining "closings", "partial closings" and "relocations", your

Committee clearly and expressly intends to cover sales, transfers, mergers and modifications of franchise agreements which result in lay offs and terminations of employees. Thus, for example, where an establishment is sold and the seller continues to operate on a franchise basis with the new owner, such a sale would be considered a closing if it results in the actual or potential lay off or termination of employees. Any change in ownership which has the net effect of an actual or potential displacement of workers should come within the purview of this enactment. Also, by the inclusion of partial closings, your Committee intends that an employer who gradually phases down operations be covered within the scope of Chapter 394B.

However, your Committee does not intend this bill to apply to lay offs which occur when construction projects are completed. Construction workers who are referred through hiring halls have other means of assuring stability in employment by appropriate job placements from one project to the next. The protection extended by this enactment is therefore limited to those industrial settings where work is not organized by projects of limited duration.

Section 3 of this bill adds new sections to Chapter 394B. The first part on "Notification" requires an employer in a covered establishment to provide to each employee and the Director of Labor and Industrial Relations written notification of a closing, partial closing, or relocation at least forty-five days prior to its occurrence.

The second part of Section 3 of this bill on "Dislocated Worker Allowance" provides for the payment of dislocated worker allowances. These payments are intended to supplement, for up to four (4) weeks, the unemployment compensation benefits for which an employee laid off due to a closing, partial closing, or relocation is otherwise eligible under Hawaii law. Studies have shown that workers who lose their jobs due to permanent closing, partial closing, or relocation are more likely than other workers who become unemployed to have to relocate to find equivalent employment, or to need retraining. In addition, since a closing, partial closing, or relocation will affect many employees in a single area, the effect on the local economy of a partial decrease in purchasing power of affected employees soon after the closing, partial closing, or relocation is likely to be significant. Moreover, a dislocated worker is likely to remain unemployed longer than other unemployed workers, with a consequent greater long-term effect on his or her family's economic security; minimizing the total lost wages is therefore critical. For all these reasons, it is important that the affected employees receive, in the period following the closing, partial closing, or relocation, payment significant to maintain their standard of living at its existing level long enough to devise some long term plan for reemployment, and to make choices not compelled by economic security about whether to secure retraining, to relocate, or, instead, to readjust the family standard of living.

Under Hawaii law, unemployment compensation benefits provide only a partial replacement for lost wages for unemployed workers. The Committee believes that for a period of four (4) weeks dislocated workers should be assured total, rather than partial, wage replacement. The dislocated worker allowance is intended, therefore, as a supplement to any unemployment compensation benefits for which an affected worker is eligible; to receive the allowance for a given week, the affected worker must be eligible for unemployment compensation for that week. The reason for providing the payment directly from the employer, rather than indirectly through contributions to the unemployment compensation fund, is that your Committee does not believe that employers generally should have to share in the cost of providing this particular kind of unemployment compensation benefit; rather, the cost should be placed directly upon the few employers whose closing, partial closing, or relocation creates the need for the payments. Nonetheless, the benefits are conceived as a form of additional unemployment compensation benefits and therefore may not affect other benefits due to unemployment the affected worker is otherwise eligible to receive.

Your Committee believes that where an affected employee is eligible under a collective bargaining agreement for a payment supplemental to unemployment compensation which is identical to a dislocated worker allowance provided herein, the provisions of the collective bargaining agreement should be respected. The bill therefore provides that under those circumstances, the specific provisions of the bill -- that is, the payment amount, and the duration requirement -- do not apply.

The third part of Section 3 of this bill on "Prompt Payment of Wages and Bene-

fits" requires an employer in a covered establishment to pay all wages, benefits and other forms of compensation which are due and owing to affected employees at the time of termination of the employee. This section is intended to mitigate the harsh financial pressures which arise at the point of separation.

The fourth part of Section 3 of this bill in "Civil Penalties" is intended to insure that employers comply with the provisions of this chapter. One who fails to provide the required notice, or fails to make timely payments of dislocated worker allowance and prompt payment of wages and benefits is subject to penalties. The amount of the penalty shall be no less than the value of all wages, benefits and other compensation for three months preceding the closure, partial closure or relocation. It is intended that "other compensation" includes the value of fringe benefits to which affected employees were entitled in the three month period preceding the triggering event.

The fifth part of Section 3 of this bill on "Employees Remedies" is intended to provide immediate court relief to the displaced worker and/or their designated representative. Appropriate remedies are specified, including attorney's fees and costs, the civil penalties referred to above, and injunctive relief where appropriate.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 445, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 445, H.D. 1, S.D. 1, C.D. 1.

Representatives Takamine, Hirono, Metcalf, Horita and Taniguchi,
Managers on the part of the House.

Senators Nakasato, B. Kobayashi and Reed,
Managers on the part of the Senate.

Conf. Com. Rep. 123 on H.B. No. 706

The purpose of this bill is to increase the present minimum hourly wage from \$3.35 per hour to \$3.85 per hour beginning January 1, 1988.

Your Committee finds that previous legislation to raise the minimum wage dates back to June of 1978 when the minimum wage was raised to \$2.65 per hour. The last increase to \$3.35 per hour became effective on July 1981. Since then, there has been no increase. As a result, the real wage rate of Hawaii's workers has declined to its lowest level since 1955.

Today, a head of a family of four who is employed on a full-time basis at \$3.35 per hour is considered to be living in poverty. The February 1986 federal government's poverty income criterion for a Hawaii family of four is \$12,650 annually, or the equivalent of an hourly wage of \$6.08. A worker would only earn \$6,968 annually at the present minimum wage. The adjustment of the minimum wage to \$3.76 beginning January 1, 1988 will partially restore the lowest paid workers in Hawaii to a more tolerable standard of living. Moreover, by subsequent increases in the minimum wage level, the work ethic is reinforced by providing an incentive for people to work rather than depend on welfare payments. Few would disagree that work should pay more than welfare.

In order to provide a meaningful floor on wages in America, Congress is currently considering amendments to the Fair Labor Standards Act (FLSA) which would restore the minimum wage level to a percentage of the hourly wage of other private sector, nonsupervisory workers. Restoring the historic relationship of the minimum wage to the private sector rate at a level which existed in the 1960's and 1970's is being recommended. The National Council on Employment Policy proposes that the minimum wage level be set at 50% of the average in the private sector, which would result in a current rate of \$4.40 (since the average private nonsupervisory hourly rate is \$8.80 per hour).

Your Committee does not believe that Hawaii should forestall increases in the minimum wage based on possible Congressional action because such relief is uncertain. Your Committee believes that a single increase in minimum wage would be appropriate at this time. The increase will be to \$3.85 per hour effective January 1, 1988.

The bill has also been amended to delete any changes in Chapter 387 as it

relates to tipped category employees and student workers. The only amendment to the current law is to Section 387-2.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 706, H.D. 1, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 706, H.D. 1, S.D. 2, C.D. 1.

Representatives Takamine, Fukunaga, Horita, Taniguchi and Marumoto,
Managers on the part of the House.

Senators Yamasaki, Blair, Nakasato and Ikeda,
Managers on the part of the Senate.

SPECIAL COMMITTEE REPORT

Spec. Com. Rep. 1

Your Committee on Credentials begs leave to report that it has thoroughly considered the matter of the seating of the members of the House of Representatives of the Fourteenth Legislature of the State of Hawaii, Regular Session of 1987, and finds that the following members are duly qualified to sit as members of the House of Representatives, to wit:

| | |
|--------------------------|----------------------|
| First District: | Andrew Levin |
| Second District: | Harvey S. Tajiri |
| Third District: | Wayne M. Metcalf |
| Fourth District: | Dwight Y. Takamine |
| Fifth District: | Virginia Isbell |
| Sixth District: | Mike O'Kieffe |
| Seventh District: | Mark J. Andrews |
| Eighth District: | Herbert J. Honda |
| Ninth District: | Joseph M. Souki |
| Tenth District: | Bill Pfeil |
| Eleventh District: | Daniel J. Kihano |
| Twelfth District: | Samuel S.H. Lee |
| Thirteenth District: | Robert Bunda |
| Fourteenth District: | Joseph P. Leong |
| Fifteenth District: | Reb Bellinger |
| Sixteenth District: | Terrance W.H. Tom |
| Seventeenth District: | Marshall K. Ige |
| Eighteenth District: | Whitney T. Anderson |
| Nineteenth District: | John Justin Medeiros |
| Twentieth District: | Cam Cavasso |
| Twenty-First District: | Patrick A. Ribellia |
| Twenty-Second District: | Hal Jones |
| Twenty-Third District: | Barbara Marumoto |
| Twenty-Fourth District: | Fred Hemmings, Jr. |
| Twenty-Fifth District: | Calvin K.Y. Say |
| Twenty-Sixth District: | Les Ihara, Jr. |
| Twenty-Seventh District: | Brian T. Taniguchi |
| Twenty-Eighth District: | James T. Shon |
| Twenty-Ninth District: | David M. Hagino |
| Thirtieth District: | Joan Hayes |

| | |
|--------------------------|----------------------------|
| Thirty-First District: | Carol Fukunaga |
| Thirty-Second District: | Mazie K. Hirono |
| Thirty-Third District: | Rod Tam |
| Thirty-Fourth District: | Michael Liu |
| Thirty-Fifth District: | Kenneth T. Hiraki |
| Thirty-Sixth District: | Dwight L. Yoshimura |
| Thirty-Seventh District: | Dennis A. Arakaki |
| Thirty-Eighth District: | Emilio S. Alcon |
| Thirty-Ninth District: | Romy M. Cachola |
| Fortieth District: | Karen K. Horita |
| Forty-First District: | Tom Okamura |
| Forty-Second District: | Clarice Y. Hashimoto |
| Forty-Third District: | David Y. Ige |
| Forty-Fourth District: | Eloise Yamashita Tungpalan |
| Forty-Fifth District: | Mitsuo "Mits" Shito |
| Forty-Sixth District: | Paul T. Oshiro |
| Forty-Seventh District: | Mike Crozier |
| Forty-Eighth District: | Henry Haalilio Peters |
| Forty-Ninth District: | Peter K. Apo |
| Fiftieth District: | Ezra R. Kanoho |
| Fifty-First District: | Richard A. Kawakami |

Signed by Representatives Hirono, Hiraki, Honda, Horita, D. Ige, M. Ige, Ihara, Lee, Leong, Marumoto and Medeiros.