

SCRep. 904 Judiciary 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.

Your Committee received testimony in support of this measure from the Department of the Attorney General.

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. Your Committee supports this measure to assist the State in defraying the costs of providing these services.

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. Senate Standing Committee Report No. 679 states that these sections "proposed changes in the organization of the Criminal Justice interagency Board and the Data Center."

Your Committee, however, concurs 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 a position on the Board will terminate automatically upon termination of employment with or reassignment to nonadministrative or other functional responsibilities for their respective agencies. Your Committee also concurs with the amendment to change the title of the head of the Hawaii Criminal Justice Data Center from director to administrator to conform stylistically with the civil service classification for that position.

Therefore, your Committee amended the bill by reinserting the language from the original bill.

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

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 1163, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1163, S.D. 1, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Shito, Hemmings and Jones.

SCRep. 905 Judiciary on S.B. No. 1136 (Majority)

The purpose of this bill is to establish a Presidential Preference Primary election for Hawaii. This bill will implement, for the first time, the provisions of Article II, Section 9, of the Hawaii State Constitution which allows the Legislature to statutorily authorize such an election.

Your Committee finds that in addition to expansion of the election process, a Presidential Preference Primary has several other benefits, including the following:

(a) Permit direct participation by the general population of the State in the Presidential nomination, a process currently the domain of select party members;

(b) Focus national attention on Hawaii and the Asia-Pacific region, as well as providing candidates with a natural forum to discuss various national and foreign policy issues;

(c) Generate increased economic benefits, including campaign expenditures, and publicity on network news; and

(d) Produce a higher voter participation rate at a lower cost because conducted by mail, and clean up of the voter rolls months before the 1988 local primaries.

As proposed, candidates will be placed on the ballot by the Chief Election Officer or by petition, and the results will be proportionately binding on party delegates unless otherwise provided by national party rules.

In concept, the Presidential Preference Primary by mail provides a unique "window" for campaigning between the mailing of the ballots to voters and the close of the polls. If the tentative schedule for other states' caucuses and primaries remains unchanged, these dates would position Hawaii's Presidential Primary in the interim between the Nebraska primary on May 10, and the California primary on June 7. Your Committee anticipates hotly contested 1988 Presidential races within both major parties. The relatively late date will not jeopardize, however, the significance of Hawaii's primary. It is the belief of your Committee that Hawaii may be in an advantageous position where its delegate votes could make the marginal difference between a candidate's winning or losing the nomination.

While in agreement with the intent of the bill to provide for more direct participation in our country's presidential nomination process, your Committee believes that a trial period for this experiment is in order. As such, your Committee amended the bill to be repealed at the end of the next election year, December 31, 1988.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 1136, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1136, S.D. 2, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Shito, Hemmings and Jones.
(Representative Hagino did not concur.)

SCRep. 906 Tourism on S.B. No. 1192

The purpose of this bill is to designate a portion of the Ala Wai Golf Course as the convention center site, establish the orientation of the Hawaii convention center, require and fund the improvement of the remaining portion of the golf course into an eighteen-hole course, create a convention center authority to plan, design, construct, manage, operate, and promote the convention center, earmark a portion of the annual proceeds from the transient accommodations tax to a convention center special fund, and appropriate moneys for off-site projects which are necessary to establish, mitigate the adverse effects caused by, or improve the operational efficiency and effectiveness of the convention center.

After public hearing and following careful examination of the bill and its accompanying Senate Standing Committee Report (SSCR No. 585), your Committee is not convinced of the desirability of the designation of a portion of the Ala Wai Golf Course as the convention center site nor the correctness of orienting the center primarily to visitor conventions.

Your Committee agrees with the Senate Committee on Ways and Means that expenditure of the large sum of money necessary for the construction of a convention center can only be justified by a very favorable cost-benefit ratio. However, your Committee is not certain that a convention center oriented to the visitor market is in the best interest of the State and is the only orientation which justifies the high costs of on-site and off-site construction and improvements. For example, the proposed Ala Wai convention center would limit the amount of parking, the rationale for which is that tourist pedestrian traffic to the center would predominate thereby alleviating some vehicular congestion. However, such limited parking would also preclude many local functions. It has been determined that an additional advantage to including adequate parking space in the convention center is its income potential. It has been estimated that up to 60% of the convention center's revenue could be generated by parking operations. Your Committee believes that sufficient parking should clearly have been included in the planning of a facility which we are asking the taxpayers to subsidize.

Your Committee believes that with regards to the selection of the Ala Wai Golf Course as the site for the convention center all the attendant parameters for site selection have not been sufficiently examined. A representative of the Hawaii Convention Park Council testified that, although the Ala Wai site ranked 1st, the convention sites were ranked according to 2 major criteria, i.e., accessibility

with respect to water, where both powers are located in the same agency. In that context, if a State Water Code is enacted, 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 would allow better coordination of these services.

Your Committees further find 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 systems 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 Committees have amended this bill as follows:

A new chapter is established under Title 11 ("Agriculture and Animals"), Hawaii Revised Statutes, providing for irrigation water development under the Board of Agriculture. An irrigation system revolving fund is also established under the Board of Agriculture.

Chapter 174 of the Hawaii Revised Statutes is amended to delete references to irrigation systems and projects, while retaining other land and water development functions under the Board of Land and Natural Resources.

The effective date of this bill has been amended to take effect on July 1, 1988.

Your Committees have also made other technical, non-substantive amendments to this bill.

Your Committees on Agriculture and Water, Land Use, Development and Hawaiian Affairs are in accord with the intent and purpose of S.B. No. 398, S.D. 2, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 398, S.D. 2, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committees.

SCRep. 909 Water, Land Use, Development and Hawaiian Affairs and
Agriculture on S.B. No. 959

The purpose of this bill is to provide that if a long term lease is withdrawn prematurely by the Board of Land and Natural Resources, the leasee shall be compensated for improvements made to the leased land being withdrawn. The bill provides that compensation shall not be made for any unauthorized improvements and it limits compensation to the non-amortized portion of the legally constructed improvements.

Your Committees have amended this bill for purposes of style and clarity.

Your Committees on Water, Land Use, Development and Hawaiian Affairs and Agriculture are in accord with the intent and purpose of S.B. No. 959, S.D. 1, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 959, S.D. 1, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committees except Representative Bunda.

SCRep. 910 Housing and Community Development on S.B. No. 317

The purpose of this bill is to increase the Hawaii Community Development Authority's public facilities revenue bond authorization from \$15,000,000 to \$35,000,000.

The Hawaii Community Development Authority (Authority) testified in support of this measure, citing the need for additional revenues to finance an additional

parking structure. The Authority is currently planning the development of several parking structures in conjunction with the Kakaako redevelopment project known as Improvement District 1 Project. Pursuant to Act 268, Session Laws of Hawaii of 1985, the Authority is authorized to issue \$15,000,000 in revenue bonds. However, the Authority estimates that such bond authorization could easily be consumed by the construction of only one parking structure.

Your Committee finds that timing is critical to the success of the Improvement District 1 Project. An additional bond authorization should be granted in anticipation of the development of future projects which will generate a need for more public parking.

However, your Committee also received testimony against this measure from several businesses located in the Kakaako District. Upon further consideration, your Committee has amended the bill to prohibit the use of the provisions of the Act to finance the development of a public parking facility by the Authority on real property identified by Tax Map Keys 2-1-48: 01, 02, 03, 04, and 07.

Your Committee on Housing and Community Development is in accord with the intent and purpose of S.B. No. 317, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 317, S.D. 1, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives M. Ige, Kawakami and Peters.

SCRep. 911 Housing and Community Development on S.B. No. 316

The purpose of this bill is to authorize the Hawaii Community Development Authority to issue taxable public facility revenue bonds.

The Hawaii Community Development Authority (Authority) is currently authorized to issue tax-exempt revenue bonds to finance public facilities for the Kakaako Community Development District. Your Committee received testimony from the Authority that the Authority had anticipated using the tax-exempt revenue bonds for the construction of parking structures. However, this would require the financial backing by the State or a private entity, since revenues generated from parking fees would be insufficient to amortize the bonds issued to pay for the structures. Moreover, the Federal Tax Reform Act of 1986 virtually eliminates the ability of government insurers of bonds, such as the Authority, to participate with private entities in a project using tax-exempt financing. Thus, the use of tax-exempt bonds for the construction of the parking structures would require public financial support.

Your Committee agrees with the Authority that as an alternative, taxable revenue bonds would be a feasible method of financing public parking facilities by enabling the Authority to participate with private entities to complete the project with a minimum of government support.

However, your Committee also received testimony against this measure from several businesses located in the Kakaako District. Upon further consideration, your Committee has amended the bill to prohibit the use of the provisions of the Act to finance the development of a public parking facility by the Authority on real property identified by Tax Map Keys 2-1-48: 01, 02, 03, 04, and 07.

Your Committee on Housing and Community Development is in accord with the intent and purpose of S.B. No. 316, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 316, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives M. Ige, Kawakami and Peters.

SCRep. 912 Human Services and Housing and Community Development on
S.B. No. 1751

The purpose of this bill is to transfer the housing finance, housing development, and residential leasehold functions of the Hawaii Housing Authority (HHA) to the Department of Planning and Economic Development (DPED). The bill also

changes the name of the Department of Social Services and Housing (DSSH) to the "Department of Human Services".

By way of brief background, HHA was established in 1935 as a public housing agency to manage federally-aided low-rent public housing projects. HHA is currently administratively attached to DSSH, and its housing management function is closely related to DSSH's other human services functions.

Since its creation, other functions have been added to HHA. Due to housing shortages in Hawaii experienced during the past two decades, the State has played a much more aggressive role in the creation of housing. Programs such as Hula Mae and the development of low- and moderate-income housing were assigned to HHA since it seemed to be at the time the agency most closely related to these added State functions. In recent years, these additional functions have been expanded to such a degree that only one of HHA's four major program areas now directly related to human services.

Recently, the Governor has proposed to change the organizational structure of State government by changing the name of the DSSH to the "Department of Human Services", and by establishing a new "Department of Public Safety" having responsibility for criminal justice and corrections functions now in DSSH. This will enable the new Department of Human Services to give full attention to the human services function. At this time, it seems appropriate also to reorganize HHA by separating from it functions not directly related to human services.

Currently, HHA administers four major program areas as follows:

(1) Housing Management - Responsible for the operation of Federal and State housing projects and rental assistance programs, the preservation and maintenance of housing projects, the delivery of management support services and housing opportunities to eligible families, and contract administration of housing projects which are federally subsidized but privately owned.

(2) Housing Development - Development of homes, both for sale and for rent, to address the State's housing needs.

(3) Housing Finance - Acts as a conduit of capital to finance affordable housing for low- and moderate-income families. Its primary goals are to provide mortgage funds at below-market interest rates in amounts sufficient to satisfy local demand and to seek and utilize new and innovative financing techniques to make more affordable for-sale and rental housing available to Hawaii's residents.

(4) Residential Leasehold Programs - The objectives of this program are: (1) to facilitate the conversion of leasehold property to fee simple; and (2) to administer certain provisions under Chapter 519, HRS, regarding lease renegotiations.

Of HHA's four major functional areas, Housing Management is the only one which is closely related to the Department's other human services functions. These rental services are targeted principally toward assisting lower income families, many of whom are receiving DSSH shelter allowances and other types of welfare assistance. Under the proposed bill, the Housing Management function will comprise the "Hawaii Housing Authority", and is the only major function which will continue to be administratively attached to the Department of Human Services.

The proposed bill will transfer HHA's remaining housing development, housing finance, and residential leasehold functions to a new "Hawaii Housing Finance and Development Corporation", and place that agency under DPED for administrative purposes. The transfer of these functions would serve to group them with related functions in DPED since:

(1) Other State agencies involved with land development, specifically the Hawaii Community Development Authority, the Aloha Tower Development Corporation, and the Land Use Commission, are currently attached to DPED for administrative purposes;

(2) From a planning perspective, it makes sense to plan for and develop homes where increased economic activity is to occur so that commuting time to and from work will be minimized; and

(3) Other DPED activities are involved with various types of financing.

Your Committees received testimony in support of the bill from DSSH and HHA. However, HHA also recommended a number of amendments to the bill to organize the chapter created under this bill into a clearer and more unified whole.

Upon consideration of HHA's recommendations, your Committees have made the following substantive amendments to this bill:

(1) The new authority has been renamed "Housing Finance and Development Corporation" (HFDC). Your Committees believe that "Hawaii Housing Finance and Development Authority" as proposed in the Senate bill may be too similar in name to the "Hawaii Housing Authority", and may result in unnecessary confusion.

(2) A new chapter has been created which will be administered by the HFDC. Although a chapter was also created under the Senate version of the bill, as received by the Committees, the HFDC would have had to administer the new chapter (created in the Senate bill), as well as Chapter 359G and Parts II and III of Chapter 356, HRS, insofar as the development and financing functions are concerned. The new chapter created under this bill consolidates provisions from Chapters 356, 359, 359G, HRS.

It is noteworthy that no new powers have been added to the HFDC; this new chapter is merely a recodification of what is already in the statutes. A few technical, non-substantive amendments have been made to the language in the existing statutes, primarily for clarification purposes.

(3) Sections in Chapters 356 and 359G pertaining to rental housing management have been deleted because this would be a function of the Hawaii Housing Authority.

(4) Sections other than in Chapters 356 and 359G have been amended by replacing "Hawaii housing authority" with "housing finance and development corporation", or otherwise appropriately amending the section.

(5) A new provision has been added to reflect that appropriate sections in the statutes be amended by replacing the term "director of social services" with "director of human services" and by replacing "department of social services" with "department of human services" wherever applicable.

(6) The bill has been amended to clarify that all current HHA employees, regardless of civil service status, will not be negatively affected by enactment of this measure.

(7) The provision which appropriates general fund moneys for the purpose of effecting the transfer has been deleted.

Other technical, non-substantive amendments have also been made to the bill.

Your Committees on Human Services and Housing and Community Development are in accord with the intent and purpose of S.B. No. 1751, S.D. 2, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 1751, S.D. 2, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committees except Representatives M. Ige and Peters.

SCRep. 913 Judiciary on S.B. No. 827

The purpose of this bill is to amend Section 621-9, HRS, to provide that the costs of extradition be borne by the defendant or petitioner.

The Senate Committee on Judiciary amended the bill to apply strictly to the costs of extradition relating to post conviction proceedings.

Your Committee further amended the bill to provide for the discretionary authority of the court in assessing such costs. This amendment is in accord with the testimony presented by the Office of the Public Defender which indicated that the bill as heard, discriminated against indigent defendants. Such defendants, once transferred to the mainland, would effectively be prevented from pursuing

post conviction relief.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 827, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 827, S.D. 1, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Shito, Hemmings and Jones.

SCRep. 914 Planning, Energy and Environmental Protection on S.B. No.
1518

The purpose of this bill is to allow direct use applications of geothermal resources to be conducted both within and outside of geothermal resource subzones that are located within urban, rural, and agricultural districts without the issuance of a county geothermal resource permit.

The 1986 Legislature enacted Act 290 with the intention of clarifying that non-electrical direct use applications of geothermal energy were permitted. Your Committee finds that direct uses of geothermal energy, such as food processing and refrigeration, agricultural production, kiln drying of native woods and fabric dyeing, enhance the viability of geothermal development and provide significant opportunities for others, especially farmers and small businesses.

Your Committee further finds that with the addition of direct use applications to the designation of "geothermal development activities" it is unclear whether direct uses permitted in the State agriculture, urban, and rural district designations are exempt from the requirement of obtaining a geothermal resource permit. This bill clearly provides that direct use outside of a geothermal resource subzone is permitted. Further, a geothermal resource permit is not required both within and outside of areas designated as geothermal resources subzones, where that application is in conformance with other applicable State and county land use regulations and with the provisions of Chapter 205, HRS. Under this bill, geothermal exploration and development which would precede direct use applications would not be exempted from the requirements of obtaining geothermal resource permits.

Your Committee feels that the provisions in this bill should not be interpreted as to override the fact that direct use applications shall be in conformance with all other applicable State and county land use regulations and have thus changed the words "shall be" to "are" in Sections 2 and 3.

Your Committee on Planning, Energy and Environmental Protection is in accord with the intent and purpose of S.B. No. 1518, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1518, S.D. 2, H.D. 1, and be referred to the Committee on Judiciary.

Signed by all members of the Committee except Representatives Bunda, Isbell and O'Kieffe.

SCRep. 915 Planning, Energy and Environmental Protection and Labor and
Public Employment on S.B. No. 1747

The purpose of this bill is to transfer the State planning 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.

This bill establishes a "Department of Business and Economic Development" which will be devoted solely to the promotion of economic diversification and growth. The primary objective of creating a business advocacy agency is to allow the department to assume a more aggressive, focused and proactive posture in its capacity as the State's lead agency in charge of promoting business development and economic growth in Hawaii.

In turn, the objective of developing a centralized "Office of State Planning" within the Office of the Governor is to allow for the more efficient management of the State's various State planning responsibilities. In the interest of maximizing the effectiveness of Hawaii's State planning system, the establishment of an independent and centralized Office of State Planning is a rational undertaking.

Following discussion on this bill, your Committees have amended this bill as follows:

SECTION 1 of this bill relating to the establishment of the new Office of State Planning, has been amended by specifying that the rate of compensation payable to the director of the proposed Office of State Planning shall not exceed that of a departmental first deputy. This amendment insures that the director will be compensated at a rate comparable to equivalent departmental positions.

This section has been further amended by eliminating several broad and unnecessarily redundant provisions originally intended to become a part of the new Office's duties and responsibilities. Your Committees find that in light of the proposed transfer of the Office of State Planning, the mission and responsibilities of the Office should be limited and clearly defined. Your Committees wish to insure that the new Office shall not be detracted from performing its primary mission of managing and administering the State's planning functions.

This section has been further amended by the addition of a new subsection (8) relating to capital investment planning. This amendment directs the new office to review, prioritize, and identify statewide interests within State and county capital improvement project proposals. Through this amendment your Committees wish to facilitate better cooperation and coordination between and among State and county agencies in regard to capital improvement project planning. This amendment also requires the office to submit a biennial report identifying statewide interests, priorities and capital improvement project needs.

SECTION 2 of this bill relating to the proposed Department of Business and Economic Development has been amended in the same respect, by eliminating unnecessarily broad responsibilities which your Committees feel are inappropriate to the functions of the new department. Your Committees have eliminated reference to the director's responsibility to plan and coordinate the development of State, national and county parks, beaches, recreational facilities and historical sites.

Your Committees have added two new sections to this bill. SECTION 4 amends Section 205-1, HRS, to clarify that Land Use Commission shall remain within the department in which it is presently placed, and SECTION 5 amends §205-4(e) by replacing the reference to the Department of Planning and Economic Development with the Office of State Planning. These amendments facilitate the transfer of the Land Use Division to the Office of State Planning. Your Committees feel that the Land Use Division would better serve its purpose by being placed within the context of a planning oriented situation.

Similarly, your Committees have transferred the Coastal Zone Management functions of the present department to the new Office of State Planning. Once again, your Committees feel that the functions of this branch are more consistent with the purposes and functions of the proposed office.

Your Committees have amended the section (new SECTION 6) relating to Chapter 226 to place the overall responsibility for the adoption of the State Functional Plans with the Governor and the administrative responsibility for the planning, coordination and implementation of these plans with the Office of State Planning. This revision serves to recognize the State Functional Plans as the Administration's mechanism to further implement legislated policies. This will assure that these plans are approved on a timely basis.

Your Committees have also made numerous non-substantive changes to this bill

Your Committees on Planning, Energy and Environmental Protection and Labor and Public Employment are in accord with the intent and purpose of S.B. No. 1747, S.D. 2, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 1747, S.D. 2, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committees except Representatives Bellinger, Bunda, Crozier, Honda, Tajiri, Taniguchi, Isbell, Jones and O'Kieffe.

SCRep. 916 Judiciary on S.B. No. 880

The purpose of this bill is to raise the statutory ceiling on the salary of the Attorney General.

The position of Attorney General is to serve as legal counsel to all departments and agencies of the State and as such is charged with a tremendous obligation to preserve and protect the interests of the State and its people.

Your Committee feels that in order to attract the best qualified individuals for the position of Attorney General, it is necessary to provide adequate compensation. Your Committee reviewed comparable salaries in the private sector and agrees with the proposed increase to a ceiling of \$95,000 a year.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 880, S.D. 1, and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Andrews, Bellinger, Peters, Shito, Yoshimura and Jones.

SCRep. 917 Water, Land Use, Development and Hawaiian Affairs on S.B.
No. 1307

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 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 resources, 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."

Pursuant to this constitutional mandate, your Committee has carefully reviewed and considered the issues and policy concerns regarding water resources management and regulation.

Your Committee finds that because available fresh water on our islands is limited, our very existence depends on its careful management. Judicious use of this essential resource will promote the most efficient use of our lands and help insure continuation of our high quality of life.

To ensure that the availability of this precious resource will meet the present and future needs of the people, your Committee is of the opinion that the water code should serve as a tool and an incentive for planning the wise use of Hawaii's water resources, rather than as a water crisis and shortage management mechanism. Your Committee believes that the State's ability to meet its economic development and environmental protection goals and objectives rests on the long-term availability of sustainable quantities of high quality water supplies throughout the State. As mandated by the Constitutional Convention of 1978, a system of water management is needed to assure the availability of water. Your Committee recognizes that effective management of our water resources will optimize the wise use, development, availability, and conservation of our water resources for the maximum benefits of all of Hawaii's people.

Many citizens and organizations representing a cross section of our community presented testimony on this measure. Your Committee appreciated the many and sometimes conflicting views that were expressed.

Your Committee recognizes the effort of the Senate Committee on Agriculture, Energy and Ocean Resources and Housing, Hawaiian Programs and Natural Resources and the Senate Committee on Ways and Means to develop an effective Water Code and appreciates the many hours of deliberation and discussion that went into developing S.B. No. 1307, S.D. 2.

While your Committee agrees with the basic intent of the bill to provide a water code for the State, your Committee has reservations about the administrative structure and method of regulating our water resources as contained in S.B. No. 1307, S.D. 2.

Your Committee, recognizing the charge to the State by the 1978 Constitutional Convention and considering the testimony presented, has made substantive revisions to this bill. The bill as revised by your Committee:

- (1) Creates an independent, full-time, five-member board to administer the Hawaii water code;
- (2) Provides for an executive director to implement the Hawaii water code;
- (3) Provides for a more comprehensive water plan which consists of a water resource protection and quality plan to be prepared by the water resources board; water use and development plans for each county to be prepared by each separate county and adopted by ordinance; and a State water project plan to be prepared by the agency with jurisdiction over such projects;
- (4) Maintains the mandatory permit process for water resource management areas and adds a voluntary permit process for other areas;
- (5) Restates the Department of Health's responsibility for the water quality program;
- (6) Encourages the use of mediation methods where practicable; and
- (7) Retitles the code to "Hawaii Water Code".

In addition, your Committee has also made other minor substantive amendments throughout the bill. Your Committee has not made any specific recommendation on the level of funding, deferring to the Committee on Finance to provide the appropriate level of funding.

Your Committee has made other technical amendments to the bill for purposes of style and clarity.

Your Committee on Water, Land Use, Development and Hawaiian Affairs is in accord with the intent and purpose of S.B. No. 1307, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1307, S.D. 2, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Andrews and Bunda.

SCRep. 918 Judiciary and Labor and Public Employment on S.B. No. 1147

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.

Your Committees held a hearing on the bill and heard testimony by the Office of the Lieutenant Governor and Common Cause.

Your Committees are deeply concerned about "smear" tactics used during recent election campaigns. Your Committees propose to address the problem with two basic approaches: (1) by designating election smearing to be a crime, punishable by a term of imprisonment of up to one year and a fine not to exceed \$10,000; and (2) by the creation of a Fair Campaign Practices Commission that will be responsible for developing a forum where candidates can receive a quick, unbiased hearing and resolution of complaints they may file against opponents who use unfair campaign practices.

In establishing the offense of election smearing, your Committees are mindful of the landmark case of New York Times Co. v. Sullivan (1964), 376 US 254, 11 L ed 2d 686, in which the United States Supreme Court set forth the parameters of the federal constitutional guarantees of freedom of speech and press in defamation cases. The Supreme Court held that in order for a public official to recover

damages for a defamatory falsehood, there must be proof that the statement was made with "actual malice," that is, with knowledge that it was false, or with reckless disregard of whether it was false or not. This rule applies to criminal libels. Dyer v. Davis 189 So 2d 678 (1966).

Your Committees have established the offense of election smearing as a misdemeanor. Limited situations are specified as justifiable under the Act. Your Committee is confident that these two avenues will go a long way towards alleviating the problem of campaign smears.

The establishment of a Fair Campaign Practices Commission will act as a "referee" to ensure that elections are conducted in a fair and ethical manner. This commission will develop a fair campaign practices code based on minimum standards set forth in the bill. The commission will hear and consider complaints filed by any candidate, political party, or political action committee relating to any unfair campaign practices. If the commission determines that a violation has occurred, it shall issue an order which may:

- (1) Caution the violator;
- (2) Warn the violator; or
- (3) Censure the violator.

Your Committees have proposed that the funding for the Commission be derived from the Hawaii election campaign fund already established under Section 11-217.

Your Committees on Judiciary and Labor and Public Employment are in accord with the intent and purpose of S.B. No. 1147, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1147, S.D. 2, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committees except Representatives Crozier, Horita, Peters, Souki, Taniguchi, Yoshimura and Jones.

SCRep. 919 Labor and Public Employment on S.B. No. 1053

The purpose of this bill is to waive the public contract bonding requirements for nonprofit qualified rehabilitation facilities providing job training and employment for handicapped persons.

Your Committee finds that current law requires a public contractor for other than public works to provide a bond in an amount equal to fifty per cent of the contract price. While this requirement is intended to ensure that contracts will be executed, it serves to restrict the provision of rehabilitation services to handicapped persons since a number of nonprofit rehabilitation facilities serving the handicapped have not been able to secure bonding.

Testimony in support of this bill was received from the Commission on the Handicapped, the State Planning Council on Developmental Disabilities, and Rehabilitation Facilities of Hawaii, which serves as an umbrella organization for thirteen rehabilitation agencies throughout the State.

Your Committee on Labor and Public Employment is in accord with the intent and purpose of S.B. No. 1053, S.D. 1, and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Jones.

SCRep. 920 Labor and Public Employment on S.B. No. 1083

The purpose of this bill is to create an exemption from the civil service law for Department of Housing and Urban Development (HUD) Section 8 Housing Assistance Program positions so that they may be retained for the duration of federal funding of the Section 8 Program.

Presently on Kauai, HUD Section 8 employees are employed pursuant to Section 76-77(7), Hawaii Revised Statutes, which permits only a one-year contract.

This bill will allow these employees to be retained on a long-term basis, without conflicting with Kauai County's long-established policy of not creating civil service positions when such positions are federally funded.

Your Committee received testimony in support of this bill from the Kauai County Council Intergovernmental Relations Committee and from the Equal Housing Opportunity Officer, who emphasized that the purpose and history of the HUD Housing Assistance Program indicate that its positions are of a long term nature. The U.S. Congress has increased funding levels to the program in recent years, and Kauai County is currently under contract with HUD to administer the Section 8 program through 1991. Funding from HUD completely covers the cost of administering the program, yet Kauai's HUD Section 8 employees have been under an annual employment contract since the initiation of the program in 1976. This bill enables the County to provide these employees with increased employment security.

Your Committee on Labor and Public Employment is in accord with the intent and purpose of S.B. No. 1083, S.D. 1, and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Yoshimura and Jones.

SCRep. 921 Labor and Public Employment on S.B. No. 1738

The purpose of this bill is to expand the investment options available to the Board of Trustees of the Employees' Retirement System (ERS).

Act 71, Session Laws of Hawaii 1986, was intended to provide the ERS with increased investment flexibility. However, the Board of Trustees was informed that a subsequent opinion of the Attorney General raised questions concerning the efficacy of the intended flexibility of the legislation provided by the Act. This bill addresses those questions and provides the flexibility originally intended by Act 71.

Specifically, this bill would:

(1) Increase the loan-to-value ratio of member home loans to 80% for all categories of mortgages to its members, and reduce the necessary downpayment thereby making it easier for members to obtain a mortgage loan through the ERS;

(2) Add the phrase "or of any country in the Pacific Basin or Western Europe" to item (4) of Section 88-119 to allow the Board of Trustees to increase its international investments;

(3) Amend item (9) of Section 88-119 to authorize the ERS to make direct investments in real estate; and

(4) Add the phrase "futures contracts" to item (10) of Section 88-119 to specifically authorize the ERS to invest in options and futures contracts.

While your Committee recognizes the higher risk presented by the proposed changes, your Committee is confident that, based on the Board of Trustees' past performance and record, the Board will continue to make prudent investment decisions consistent with their fiduciary responsibilities.

Your Committee on Labor and Public Employment is in accord with the intent and purpose of S.B. No. 1738, S.D. 1, and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Jones.

SCRep. 922 Labor and Public Employment on S.B. No. 1702

The purpose of this bill is to repeal the limit on the number of exempt employees within the Office of the Lieutenant Governor.

Currently, Section 76-16, Hawaii Revised Statutes, limits the number of exempt positions for administrative purposes in the Lieutenant Governor's Office to eight.

This bill would allow the Lieutenant Governor to employ exempt staff as necessary but would not affect the present status of the six permanent elections positions that are civil service.

Since the limit of eight was established in 1976, the demands made upon the Office of the Lieutenant Governor have increased substantially in conjunction with economic and population growth in the State and the overall expansion of State government. Your Committee finds that repealing the limit would provide the Office the flexibility necessary to respond to these workload demands and the new responsibilities that have been assigned by the Governor.

Your Committee on Labor and Public Employment is in accord with the intent and purpose of S.B. No. 1702, S.D. 1, and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Jones.

SCRep. 923 Labor and Public Employment on S.B. No. 983

The purpose of this bill is to conform the language pertaining to group life insurance benefits in Section 87-23, Hawaii Revised Statutes (HRS), to other sections on employee benefit plans governing: (1) health benefits plan (Section 87-22.3, HRS) and (2) dental plan benefits (Section 87-22.5, HRS).

This bill would eliminate the requirement that the Board of Trustees of the Public Employees Health Fund (Board) purchase group life insurance benefits equal to the amount of the public employer's contribution of \$2.25 per month per employee. Presently, other sections of the Health Fund Law do not contain any references to fixed-dollar contribution amounts.

Deleting the existing reference to the \$2.25 contribution amount for group life insurance benefits enables the Board to purchase group life insurance under a pooled concept for basic benefits and a supplemental plan for excess benefits as may be required by future collective bargaining negotiations. By providing the Board with greater flexibility, this bill will facilitate the more efficient administration of group life insurance programs for public employees.

Your Committee on Labor and Public Employment is in accord with the intent and purpose of S.B. No. 983 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Jones.

SCRep. 924 Labor and Public Employment on S.B. No. 1704

The purpose of this bill is to update and improve the laws relating to the Hawaii State Guard and to promote uniform laws for State and territorial defense forces.

This bill repeals Chapter 122, Hawaii Revised Statutes, relating to the Hawaii State Guard, and substitutes the Model State Defense Force Act provided by the National Guard Bureau.

The Adjutant General of the State of Hawaii testified that the National Guard Bureau is currently pursuing federal legislation which would amend current Federal laws governing the State defense forces. One of the changes is a provision for the Federal government to provide some level of support to organized State and Territorial defense forces. By substituting legislation which conforms to the Model State Defense Force Act, Hawaii would be in a better position to be considered for and given Federal support.

Your Committee on Labor and Public Employment is in accord with the intent and purpose of S.B. No. 1704 and recommends that it pass Second Reading and be referred to the Committee on Judiciary.

Signed by all members of the Committee except Representative Jones.

SCRep. 925 Labor and Public Employment on S.B. No. 1703

The purpose of this bill is to amend Section 121-7, Hawaii Revised Statutes (HRS), to clarify the scope of the Adjutant General's command.

Currently Section 121-7, HRS, states that "the adjutant general shall be the executive head of the Department of Defense and Commanding General of the National Guard."

Substituting the words "militia of the State" for "National Guard" would clarify that the Adjutant General's scope of command includes all of the military components in the department rather than just the National Guard.

This would also make Section 121-7 consistent with Section 121-9, which states "The Adjutant General shall supervise all of the forces comprising the military components of the Department of Defense of the State."

Your Committee on Labor and Public Employment is in accord with the intent and purpose of S.B. No. 1703 and recommends that it pass Second Reading and be referred to the Committee on Judiciary.

Signed by all members of the Committee except Representative Jones.

SCRep. 926 Labor and Public Employment on S.B. No. 1737

The purpose of this bill is to authorize the establishment of a second deputy position for the Department of Budget and Finance.

Your Committee received testimony from the Department of Budget and Finance in support of this bill, indicating that growth and changing trends in government have created a need for more timely budgetary and fiscal information. To meet this need, the Department of Budget and Finance is expanding its electronic data processing program and preparing for the development of a statewide telecommunications program involving voice and data communications. These new programs will be complex and extensive, and will require the services of a full time administrator.

Your Committee on Labor and Public Employment is in accord with the intent and purpose of S.B. No. 1737, S.D. 1, and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Jones.

SCRep. 927 Labor and Public Employment on S.B. No. 1746

The purpose of this bill is to provide volunteer boating enforcement officers with the same workers' compensation benefits that are now provided to public board members, reserve police officers, voluntary deputy fish and game wardens, and volunteer firefighters.

The bill would also amend Section 386-181, Hawaii Revised Statutes, to change references to "volunteer fish and game warden" to "volunteer conservation and resources enforcement officers".

Your Committee finds that volunteer boating enforcement officers perform valuable services and, like volunteer firefighters and conservation and resources enforcement officers, should be afforded full workers' compensation benefits should they sustain injury in the line of duty.

Your Committee on Labor and Public Employment is in accord with the intent and purpose of S.B. No. 1746, S.D. 1, and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Jones.

SCRep. 928 Labor and Public Employment on S.B. No. 323

The purpose of this bill is to authorize the Board of Regents of the University

of Hawaii to waive compliance with the oath of loyalty for aliens, casual and temporary employees, and student helpers employed by the University.

The intent of this bill is to reduce the need to distract the Governor unnecessarily with minor concerns and to enable the University of Hawaii to assume greater responsibility for its internal management.

Under existing law, waiver of the oath of loyalty may be approved only by the Governor. The University of Hawaii testified that under current practice the Governor has approved waivers on a case-by-case basis for foreign scholars who could not in good conscience or for political reasons sign the oath of loyalty without jeopardizing their status in their country. The Governor has also approved blanket waivers for casual appointments of lecturers who teach courses of short-term duration (approximately 2,000 annually), foreign personnel employed on a temporary basis, and student helpers (between 1,800 and 2,000 annually). This bill will enable the University of Hawaii to make hiring decisions promptly and expedite the payroll process.

Your Committee on Labor and Public Employment is in accord with the intent and purpose of S.B. No. 323, and recommends that it pass Second Reading and be referred to the Committee on Higher Education and the Arts.

Signed by all members of the Committee except Representative Jones.

SCRep. 929 Labor and Public Employment on S.B. No. 311

The purpose of this bill is to amend Section 89C-2, Hawaii Revised Statutes, to cover officers and employees in the Excluded Managerial Compensation Plan.

Section 89C-2 specifies the adjustments required or permitted for officers and employees excluded from collective bargaining; however, it does not cover employees in the Excluded Managerial Compensation Plan.

Your Committee received testimony from the Office of Personnel Services of the State of Hawaii in support of this bill. Testimony indicated that the legislative intent of Section 89C-2 was always that public service employees excluded from collective bargaining should not receive less compensation than comparable level employees covered by collective bargaining. However, the creation of the Excluded Managerial Compensation Plan removed employees under the plan from the coverage of the statute. This bill would remedy that situation.

Your Committee on Labor and Public Employment is in accord with the intent and purpose of S.B. No. 311, S.D. 1, and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Jones.

SCRep. 930 Labor and Public Employment on S.B. No. 301

The purpose of this bill is to amend Section 88-95, Hawaii Revised Statutes, to permit the Employees' Retirement System to withhold Health Fund insurance premiums from the monthly pension checks of State and County retirees.

Currently, Section 87-4, Hawaii Revised Statutes, requires State and county retirees with less than 10 years of service to pay a portion of their monthly medical plan premiums to the Health Fund. As a result, these retirees are required to send their premium payments directly to the Health Fund office each month.

Your Committee received testimony from the Administrator of the Hawaii Public Employees Health Fund indicating that a monthly computerized deduction of Health Fund insurance premiums from the pension checks of State and county retirees would be an efficient business practice. These automatic deductions will assure timely premium payments, reduce the Health Fund's administrative workload of processing cash receipts, and alleviate the anxieties and tedious premium payment responsibilities of retirees.

Your Committee on Labor and Public Employment is in accord with the intent and purpose of S.B. No. 301, S.D. 1, and recommends that it pass Second

Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Jones.

SCRep. 931 Labor and Public Employment on S.B. No. 611

The purpose of this bill is to allow police officers to retire under a service-connected occupational disability in the event of incapacitation due to smoke inhalation and related injuries.

Act, 152, S.L.H. 1971 protected firefighters and sewer workers and provided that the effects of inhalation of smoke and other toxic vapors, for the purpose of determining occupational disability retirement, would be construed as an injury received or disease contracted while in the performance of duty. Police officers, however, were omitted from the Act 152 benefits. This bill would correct this unintentional error and give police officers the same benefits as firefighters and sewer workers.

Your Committee on Labor and Public Employment is in accord with the intent and purpose of S.B. No. 611, S.D. 1, and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Jones.

SCRep. 932 Labor and Public Employment on S.B. No. 1713

The purpose of this bill is to establish a State surplus property revolving fund with moneys collected from the sale, storage, or disposal of State-owned property through the State surplus program.

The Department of Accounting and General Services' Surplus Property Branch 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 provides for a revolving fund for the State program from which the expenses of the State Surplus Program can be paid.

Your Committee has amended the bill (1) to require the comptroller to prepare an inventory of all surplus State property pursuant to Section 106-5, (2) to keep a full record of all transactions involving the State surplus property revolving fund, (3) to prepare and file an annual report to the Governor and the Legislature.

Your Committee wishes to stress that the inventory requirement is added so that the inventory list of State surplus property can be prepared and distributed to other State agencies to determine if the other agencies can make use of any surplus property before the surplus property is disposed of. Other amendments are to insure proper coordination and accountability.

Your Committee on Labor and Public Employment is in accord with the intent and purpose of S.B. No. 1713, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1723, S.D. 2, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Jones.

SCRep. 933 Labor and Public Employment on S.B. No. 1739

The purpose of this bill is to establish what is commonly known as the "Employer Pick Up Plan" pursuant to the Internal Revenue Code, Section 414(h)(2).

The plan would allow members under the Employees' Retirement System's contributory plan to make contributions with "before tax" dollars rather than "after tax" dollars beginning January 1, 1988.

Your Committee heard testimony from the Secretary of the System who indicated that the System has received a favorable ruling from the Internal Revenue Service

that would allow the State of Hawaii to establish such a plan with the following conditions:

- (1) That all contributory members participate in the plan; and
- (2) That the effective date of the plan be prospective.

Further, members of the pick up plan will enjoy a slightly higher net take-home pay without any additional cost to employers.

Both the Hawaii Government Employees' Association and the Hawaii State Teachers Association testified in favor of adopting this plan.

Your Committee on Labor and Public Employment is in accord with the intent and purpose of S.B. No. 1739, S.D. 2, and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Jones.

SCRep. 934 Labor and Public Employment on S.B. No. 1741

The purpose of this bill is to clarify the requirements relating to credited service and eligibility for members of the Employees' Retirement System who terminate or retire and subsequently return to government service, and for those who transfer from the noncontributory plans to the contributory plans, and vice versa.

Specifically, the bill would do the following:

- (1) Provide that total credited service as a contributory and noncontributory member would be used to determine a member's eligibility for retirement;
- (2) Clarify the rights of a member with vested interest who subsequently returns to government service and require members who retire from the non-contributory plan and subsequently return to government service to remain in the noncontributory plan; and
- (3) Include disability retirement allowance which was inadvertently omitted from chapter 88.

Your Committee received supporting testimony from the Secretary of the Employees' Retirement System and finds that a similar housekeeping measure was vetoed by the Governor last year because it included a provision relating to deferred retirement benefits. This bill does not contain that provision, and is therefore an appropriate means of clarifying and strengthening the provisions relating to credited service and eligibility for retirement after returning to public service or transferring plans.

Your Committee on Labor and Public Employment is in accord with the intent and purpose of S.B. No. 1741, S.D. 2, and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Jones.

SCRep. 935 Labor and Public Employment on S.B. No. 261

The purpose of this bill is to provide protection to employees in the private and public sectors who report suspected violations of law from any form of retaliation by their employers, without impairing in any way any existing or developing common law rights of employees.

The bill bars discharge, discrimination and other forms of adverse action which would deter citizens from participating in investigations by various branches of government as well as governmental agencies.

Your Committee has reviewed and carefully considered the testimony presented on this bill and on H.B. No. 5 on the same subject and has amended the bill by replacing the provisions in the bill with provisions of H.B. No. 5, H.D. 1.

Your Committee on Labor and Public Employment is in accord with the intent and purposes of S.B. No. 261, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 261, S.D. 1, H.D. 1, and be referred to the Committee on Judiciary.

Signed by all members of the Committee except Representatives Bellinger, Horita, Souki, Taniguchi and Jones.

SCRep. 936 Labor and Public Employment on S.B. No. 379

The purpose of this bill is to increase the dollar amount of public contracts for which no advertising or bidding is required for repair of publicly owned or leased heavy equipment, automotive equipment and sewage treatment plants.

The bill will allow expenditures of up to \$10,000 for repair of publicly owned or leased heavy equipment, automotive equipment and sewage treatment plants without informal or formal bidding procedures. The bill will allow State and county agencies to provide needed repair and maintenance for public facilities without delay.

Your Committee, having reviewed and carefully considered the testimony presented, finds that repair work on publicly owned or leased heavy equipment, automotive equipment, and sewage treatment plants have been performed by government employees who are represented in collective bargaining by exclusive bargaining representatives as defined in Section 89-2. While a public advertisement under current law should be changed to expedite the process of contracting out of work, your Committee feels that appropriate notice should be given first to potentially affected government employees and to their bargaining representatives. Your Committee does not intend to encourage contracting out of work which can be handled by existing personnel within government.

Accordingly, this bill has been amended to require prompt notice to public employees and their exclusive bargaining representatives prior to any expenditure of funds authorized under Section 103-22. Such notice will insure compliance with requirement of bargaining under Chapter 89 and compliance with applicable collective bargaining agreements.

Your Committee on Labor and Public Employment is in accord with the intent and purpose of S.B. No. 379, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 379, S.D. 1, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Bellinger, Crozier, Horita, Souki, Taniguchi, Yoshimura and Jones.

SCRep. 937 Labor and Public Employment on S.B. No. 432

The purpose of this bill is to provide the Legislature an opportunity to review and adjust the amount of State and County public employer contributions for Health Fund benefits of their retirees with less than 10 years of credited service.

Your Committee has amended this bill by inserting the amount of State and County contributions for medical plan contributions of: (1) \$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 those employee-beneficiaries enrolled in a Self Only Plan; and (2) \$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 those employee-beneficiaries with dependant-beneficiaries enrolled in a Family Plan.

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

Your Committee on Labor and Public Employment is in accord with the intent and the purpose of S.B. No. 432, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 432, S.D. 2, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Horita, Souki, Taniguchi, Yoshimura and Jones.

SCRep. 938 Labor and Public Employment on S.B. No. 1143

The purpose of this bill is to increase the compensation for Board of Registration (Board) members from \$45 to \$50 per day of service and to authorize reimbursement of expenses incurred by members in the performance of their duties.

The Board if an appeals board established for the purpose of reviewing voter challenges. Separate three-member Boards exist for each county and are convened on election day, and at other times as required to hear non-election day appeals.

Upon further consideration, your Committee has amended this bill by increasing the compensation to \$70 per day.

Your Committee finds that Board members perform a valuable public service and that this bill would encourage qualified persons to become or remain members of the various Boards of Registration.

Your Committee on Labor and Public Employment is in accord with the intent and purpose of S.B. No. 1143, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1143, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Crozier, Horita, Souki, Taniguchi, Yoshimura and Jones.

SCRep. 939 Labor and Public Employment on S.B. No. 1367

The purpose of this bill is to increase the monthly retirement allowance by an additional \$1 per month for each year of credited service for those pensioners with at least ten years of credited service who retired prior to July 1, 1982.

The bill will aid in combatting the steady erosion of the purchasing power of those retirees' pensions because of inflation and the minimal post retirement provisions of the law. Your Committee finds this measure will provide financial relief to those pensioners who made government service their careers, and is consistent with the Legislature's policy regarding Hawaii's retired public employees.

Your Committee has amended the bill by increasing the appropriation from \$1 to \$2 in Section 2.

Your Committee on Labor and Public Employment is in accord with the intent and purpose of S.B. No. 1367, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1367, S.D. 1, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Horita, Souki, Taniguchi, Yoshimura and Jones.

SCRep. 940 Labor and Public Employment on S.B. No. 1372

The purpose of this bill is to amend the law which increases an employer's unemployment insurance contribution rate to the maximum level as a penalty if the employer fails to file any report or files a report that is incorrect or insufficient in connection with the employer's unemployment insurance premiums, regardless of the employer's actual unemployment experience.

The bill provides an excusable failure provision which would allow the Department of Labor and Industrial Relations (DLIR) to consider any extenuating circumstances which prevented timely submittal of the required reports. Under this provision, the maximum contribution rate could be waived for cause, provided that the noncomplying employer submits all required reports to DLIR. The maximum rate of 5.4 per cent would continue to be assessed if an employer's failure to file is unexcused.

Your Committee has amended the bill by changing the effective date from January 1, 1987, to July 1, 1987, for the Director of Labor and Industrial Relations to redetermine the assignment of the maximum contribution rate. This

amendment is intended to avoid giving retroactive effect to this measure.

Your Committee on Labor and Public Employment is in accord with the intent and purpose of S.B. No. 1372, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1372, S.D. 2, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Bellinger, Crozier, Horita, Souki, Taniguchi, Yoshimura and Jones.

SCRep. 941 Labor and Public Employment on S.B. No. 1500

The purpose of this bill, as received, is to continue the investment yield rate for actuarial valuations of the employees' retirement system through fiscal years 1987 and 1988 at eight per cent.

Your Committee has amended this bill to establish the investment yield rate at eight per cent for fiscal years 1987 and 1988 and give the Board of Trustees of the employees' retirement system the authority to establish the investment yield rate and other factors for actuarial valuations of the system beginning in fiscal year 1989 and thereafter.

As amended this bill would give the Board of Trustees of the employees' retirement system the discretion to take into account the direct relationship between the interest rate and future salary increases which are influenced by general economic conditions and the consumer price index.

Your Committee on Labor and Public Employment is in accord with the intent and purpose of S.B. No. 1500, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1500, S.D. 1, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Crozier, Horita, Souki, Taniguchi, Yoshimura and Jones.

SCRep. 942 Labor and Public Employment on S.B. No. 634

The purpose of this bill is to allow teachers whose hours are equal to one-half of a full-time equivalent position to be served by an exclusive collective bargaining unit representative and to correct an inequitable situation existing between certain twelve month special services personnel and ten-month certified personnel performing similar services within the Department of Education.

Under present law, part-time employees who work less than twenty hours a week are excluded from collective bargaining. Thus, half-time teachers who work seventeen and one-half hours a week based on a thirty-five hour full-time work week are treated as excluded employees. However, other employees in the public sector who work twenty or more hours a week are included in the same bargaining unit as their full time equivalent employees. The underlying reason is that the employee who works at least one-half or more of the hours of work of a full-time equivalent should be afforded the same collective bargaining rights as the full-time equivalent employee. Inasmuch as the half-time teachers work at least one-half or more of the hours of their full-time equivalent, your Committee believes that the half-time teachers should be included in collective bargaining in the same way as their full-time equivalent.

In addition, your Committee has been apprised of an existing situation in the Department of Education in which employees performing similar services are not being accorded the same benefits. The inequitable situation is corrected in this bill.

Your Committee, having reviewed and carefully considered the testimony of the Hawaii State Teachers Association on the half-time employee matter and the testimony of many of the Department of Education employees performing special services on a twelve month a year basis, has amended Section 2 of the bill by adding a new section to the Hawaii Revised Statutes to correct the inequity.

Your Committee has also amended Section 3 of the bill to prevent any unintended adverse consequence against the affected employees as a result of the

provision of this bill.

Your Committee on Labor and Public Employment is in accord with the intent and purpose of S.B. No. 634, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 634, S.D. 1, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Bellinger, Horita, Souki, Taniguchi, Yoshimura and Jones.

SCRep. 943 Labor and Public Employment on S.B. No. 1742

The purpose of this bill is to provide that any retired public employee who returns to government service after June 30, 1984, shall be reenrolled in the same class from which the employee originally retired.

Your Committee received supporting testimony from the Secretary of the Employees' Retirement System and finds that this bill is in accord with the original intent of the noncontributory retirement plan which was enacted into law in 1984. It further finds that there would be no additional cost to the employer.

Your Committee on Labor and Public Employment is in accord with the intent and purpose of S.B. No. 1742 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Jones.

SCRep. 944 Labor and Public Employment on S.B. No. 633

The purpose of this bill is to make collective bargaining negotiations of public employers' contributions to the Health Fund consistent with the health benefits changes authorized under Act 304, SLH 1985.

Act 254, SLH 1984 authorized collective bargaining negotiations to determine the amount of public employer contributions for medical, hospital, surgical and dental benefits of a health benefits plan and for group life insurance benefits. Act 304, SLH 1985 authorized the Health Fund's Board to contract for additional health benefit plans covering adult dental, prescription drug and vision care benefits.

Your Committee agrees that the Collective Bargaining Law should be amended to recognize the availability of additional employee fringe benefit plans.

Your Committee wishes to point out that this bill is the same as H.B. No. 190 which was passed out by your Committee.

Your Committee on Labor and Public Employment is in accord with the intent and purpose of S.B. No. 633 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Jones.

SCRep. 945 Labor and Public Employment on S.B. No. 1387

The purpose of this bill is to permit members of the Employees' Retirement System to recover their attorney's fees when they prevail in an appeal of a decision made by the medical board.

Currently the law is silent on the issue of attorney's fees for contested Employees' Retirement System decisions. However, in Workers' Compensation Law, if an employer appeals the decision of the Director of Labor and Industrial Relations or the Appellate Board, the costs of the proceedings together with reasonable attorney's fees are assessed against the employer, if the employer loses.

Your Committee finds that since most employee-appellants require legal representation in appeal proceedings it is equitable that they should be allowed reasonable attorney's fees, if they prevail on appeal.

Your Committee has amended the bill by requiring that claims for reimbursement for attorney's fees are not valid until they are approved by either the Board of Trustees or the court of appropriate jurisdiction. This will help to insure that any award of attorneys fees is fair and equitable to all parties concerned.

Your Committee on Labor and Public Employment is in accord with the intent and purpose of S.B. No. 1387, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1387, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Bellinger, Crozier, Horita, Souki, Taniguchi and Jones.

SCRep. 946 Labor and Public Employment on S.B. No. 1072

The purpose of this bill is to provide that hospital administrators or assistant administrators who leave permanent civil service positions for appointment as administrators or assistant administrators in the County Hospital Division of the Department of Health, do so under leave without pay. It further provides that upon return to their previous civil service position following completion of the appointed term, these employees receive the compensation they would have received had they remained in their civil service position continuously without taking the appointment.

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.

Your Committee has amended this bill by limiting its provisions to hospital administrators only. Your Committee believes that justification for the Administrator's leave exists at this time.

Your Committee on Labor and Public Employment is in accord with the intent and purpose of S.B. No. 1072, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1072, S D. 1, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Horita, Souki, Taniguchi, Yoshimura and Jones.

SCRep. 947 Labor and Public Employment on S.B. No. 1673

The purpose of this bill is to include all directors, deputy directors, and assistants to the department heads appointed by the Governor or by the respective mayors of the several counties as class A contributory members in the Employees' Retirement System of the State of Hawaii.

Your Committee has reviewed and carefully considered the testimony presented on the bill and has amended the bill to limit the inclusion of membership in the class A contributory category of the State Employee' Retirement System to directors and first and second deputies and first and second assistants to Department heads of State agencies. Accordingly, your Committee has amended the bill by deleting from the class A members included in the bill, the members whose salaries are set by H.R.S. Section 26-54, and directors and deputy directors of the respective counties.

The amendment made by the Committee represents a cautious approach. After a short period of time and actual experience, the Legislature may consider inclusion of additional appointive members to class A membership in the State's Retirement System.

Your Committee on Labor and Public Employment is in accord with the intent and purpose of S.B. No. 1673, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1673, S.D. 1, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Horita, Souki, Taniguchi, Yoshimura and Jones.

SCRep. 948 Labor and Public Employment on S.B. No. 1718

The purpose of this bill is to exempt from civil service coverage certain positions which the Governor is authorized to establish and place in program areas pursuant to a General Appropriations Act.

Government services will be enhanced by providing the Governor greater flexibility to hire higher qualified, trained and creative individuals from our community at large in newly created program areas.

Your Committee finds, however, that exemptions from civil service should be sparingly allowed and only where the application of merit principles are outweighed by other public policy considerations. A review of the history of Section 76-16 confirms that the Legislature has in the past only allowed exemptions to specific positions or limited the number of exemptions where appropriate.

Accordingly, we have amended the bill to limit exemptions from civil service to those persons who will fill top level executive positions in newly created program areas. "Top level executive positions" are those positions which are comparable to positions referred to in Sections 26-52 (department heads and executive officers), 26-53 (deputies or assistants to department heads), and 26-54 (administrative director of the State). The intent in further limiting the scope of the exemption to "newly created program areas" is to assure those public employees who are currently covered by our civil service laws that their positions will continue to be filled and occupied in accordance with the merit principles.

Your Committee on Labor and Public Employment is in accord with the intent and purpose of S.B. No. 1718, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1718, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Bellinger, Crozier, Horita, Souki, Taniguchi and Jones.

SCRep. 949 Labor and Public Employment on S.B. No. 471

The purpose of this bill is to provide the comptroller with statutory authority to manage, maintain, improve, redevelop, and reduce the number or size of State-owned cemeteries.

The bill provides the Department of Accounting and General Services the necessary statutory authority and funds to discharge the responsibilities which were assigned to it, over four public cemeteries which are owned by the State. Presently, the department has neither express statutory authority nor funds to properly maintain or manage the four cemeteries.

Your Committee, after reviewing and carefully considering the testimony on the bill, amended the bill to allow the department to hire personnel pursuant to chapters 76 and 77 of the Hawaii Revised Statutes to carry out management or maintenance functions over the cemeteries.

The amendment is intended to provide civil service protection for employees hired by the department to discharge its responsibilities over the cemeteries assigned to it.

Your Committee on Labor and Public Employment is in accord with the intent and purpose of S.B. No. 471, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 471, S.D. 1, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Bellinger, Crozier, Horita, Souki, Taniguchi, Yoshimura and Jones.

SCRep. 950 Labor and Public Employment on S.B. No. 1740

The purpose of this bill is to limit a public employee's State or County retirement credit while serving in the military service to two years and to allow the credit only for members who enter military service involuntarily or in time of war or declared national or state emergency.

Currently, under Section 88-132, Hawaii Revised Statutes, a member of the Employees' Retirement System who leaves State or County employment to enter military service is given retirement credits for the period of military service. During this period the State or County employer is required to pay all contributions payable to the retirement system by the employer and member.

For members who enter the military service for set periods, the entitlement under Section 88-132 terminates ninety days after the period for which the member entered the military forces. However, if a member enters the military service for an indefinite period, the member would accumulate retirement credits for the entire period of service and the State or County employer would be responsible for all payments to the retirement system.

Conceivably, a member, after brief service with the State or County, could enter the military service for the rest of that person's working career. Then upon termination of military service that person could collect a retirement allowance from the State Retirement System. This allowance would be calculated on the full period of time in the military service with that person having contributed nothing to the retirement system except for the brief period spent as a State or County employee.

This bill would prevent such an occurrence by limiting the entitlement under Section 88-132 to four years of military service.

Your Committee finds that this measure serves the public interest by extending benefits to members called upon to serve in the armed forces while preventing windfall benefits from accruing to members who voluntarily pursue a military career.

Your Committee has amended the bill by extending the period for which the service credit may be allowed from two years to four years. This amendment is intended to recognize the full term service regardless of the branch in which a person may enlist to serve this nation.

Your Committee on Labor and Public Employment is in accord with the intent and purpose of S.B. No. 1740, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1740, S.D. 1, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Horita, Souki, Taniguchi, Yoshimura and Jones.

SCRep. 951 Labor and Public Employment on S.B. No. 1744

The purpose of this bill is to establish a special unemployment insurance administration fund into which will be deposited all interest, fines, and penalties from delinquent unemployment insurance contributions collected under the employment security law. The fund shall be maintained in an account which will be kept apart from the unemployment insurance trust fund, and will be expended to enhance the administration of the unemployment insurance program.

Currently, all moneys derived from delinquent contributions are deposited into the unemployment insurance trust fund which is maintained solely in the U.S. Treasury. Federal law prohibits the State from withdrawing monies from the trust fund for administrative expenses, but permits the establishment of a separate penalty and interest contingency fund for such purposes. Recent reductions in federal administrative grant moneys will result in the curtailment of certain administrative activities relating to benefit payment control and delinquent tax collection. The establishment of the special administrative fund in this bill would enable the department to effectively continue its activities in this area as the fund will augment the federal moneys to maintain the current level of services to claimants and to preserve the integrity of the program.

Your Committee has amended the bill by adding a requirement that the Director of Finance report annually to the Legislature on the financial status of the administration fund. Additionally, your Committee has made a technical amendment to the reference to Section 383-127 on page 5 of the bill, by deleting the number "127."

Your Committee on Labor and Public Employment is in accord with the intent

and purpose of S.B. No. 1744, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1744, S.D. 1, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Bellinger, Horita, Souki, Taniguchi, Yoshimura and Jones.

SCRep. 952 Labor and Public Employment on S.B. No. 1720

The purpose of this bill is to authorize the employment of medical directors of correctional facilities without regard to the civil service law and to public employees compensation plans.

The Department of Social Services and Housing has had great difficulty in recruiting doctors for the Oahu Correctional Center at the civil service salary of \$32,388. In addition, testimony presented to the Committee indicated that the correctional facility is in need not only of a doctor, but also a doctor with administrative experience. This compounds the recruitment difficulties.

Your Committee reviewed and carefully considered the testimony from the Department of Social Services and Housing and believes that the hiring of a doctor with administrative experience will be difficult to accomplish within the restrictions of the civil service law and the compensation plan.

Your Committee believes that to attract qualified doctors with administrative experience will require exemption from the civil service law and an increase in salary from that presently provided under the civil service law.

Your Committee amended the bill by authorizing the director to hire a medical director for the Oahu Correctional Community Center and to provide that the salary of the medical director shall not exceed the salary of first deputy or first assistant to heads of departments of the State. The intent of this amendment is to insure compliance with merit principles and to allow an exemption where there exists an immediate need.

Your Committee on Labor and Public Employment is in accord with the intent and purpose of the S.B. No. 1720, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S. B. No. 1720, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Jones.

SCRep. 953 Judiciary on S.B. No. 1137

The purpose of this bill is to provide procedures for write-in voting in a primary or special primary election. This bill creates a new part for chapter 12, HRS, relating to write-in voting, as well as amending Sections 12-21 and 12-42 to comply with the new write-in provision.

The Office of the Lieutenant Governor testified in support of this bill, stating that this bill will make our primary and special primary elections more open to participation by voters. Voters would be allowed to cast a vote for a candidate who is not listed on the ballot by writing in the candidate's name in a blank space provided on the ballot. The bill provides that persons who are official candidates for other offices or who are subject to the "resign to run" provision of the State Constitution are not eligible to be write-in candidates.

The Office of the Lieutenant Governor also testified that this bill has safeguards which will discourage the frivolous use of write-in voting. This bill provides for a vote count trigger whereby votes cast for individual write-in candidates will only be counted when the total number of write-in votes for the office equals or exceeds the number of votes cast for an official candidate who received the highest number of votes for that office. In order to qualify for nomination, the bill requires that a write-in candidate receive at least the number of votes equal to or greater than the number of signatures required on nomination papers for that office. The bill also requires a nominated write-in candidate to file a nomination statement with the Chief Election Officer, pay a filing fee and register with the Campaign Spending Commission within five days after the election.

Your Committee finds that this bill will provide greater opportunity for political participation by the people of Hawaii and will stimulate more interest in the electoral process.

Your Committee notes that this bill is not in response to the lawsuit filed last year in the U.S. District Court which would have required write-in voting in the 1986 general election. The State's appeal of that case is presently pending in the U.S. Court of Appeals for the Ninth Circuit. The issue in the lawsuit is not whether write-in voting should be allowed, but rather whether the federal government is empowered to require the State to provide write-in voting. Your Committee believes that write-in voting is an option which the State may choose to provide but which is not constitutionally required. This bill reflects that choice.

While in agreement with the intent of the bill to provide procedures for write-in voting in a primary or special primary election, your Committee believes that a trial period for this experimental solution is in order. As such, your Committee amended this bill to be repealed at the end of the next election year, December 31, 1988.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 1137, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1137, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Peters, Yoshimura and Jones.

SCRep. 954 Judiciary 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 correctional programs and for the administration and maintenance of all correctional facilities and services. The Senate draft provides for the transfer of the Criminal Injuries Compensation Commission, the Hawaii Criminal Justice Commission, the Hawaii Criminal Justice Data Center, the Corrections Division, the Intake Service Centers, and the Hawaii Paroling Authority to the Department of Corrections. The bill also transfers the functions relating to adult probation supervision and presentence investigations, and the Judiciary's function for transportation of criminal defendants for required court appearances from the Sheriff's Office to the Department of Corrections.

Your Committee finds that the State corrections program has grown too large and too complex to remain under the umbrella of the Department of Social Services and Housing. To properly address the magnitude of the problems within the State corrections system, a separate department that can provide the focus and continuous attention the system desperately needs is essential.

The House Committees on Intergovernmental Relations and Human Services amended the bill by deleting Section 6 of S.B. No. 5, S.D. 2, relating to correctional industries as they believe that this is not a function of the department. Your Committee concurs with this amendment.

The joint Committees also amended S.B. No. 5, S.D. 2 to delete reference to the Hawaii Criminal Justice Data Center on page 3 of the bill. They felt that the Department of the Attorney General should retain control of the Data Center. Your Committee also concurs with this amendment.

On consideration of the testimony of the Department of Social Services and Housing and the Judiciary, your Committee further amended the bill as follows:

- (1) The Hawaii Youth Correctional Facility and related presentence investigation and supervision will remain with the Judiciary;
- (2) Adult probation investigation and supervision will also remain with the Judiciary;
- (3) Parole investigation and supervision will remain with the Hawaii Paroling Authority, which will be independent although administratively within the department;

(4) Adult presentence assessment will also remain with the Judiciary; and

(5) The deletion of the phrase "any other branch or agency of the State or County with respect to intake and diagnostic services" from page 4 of the bill. This language encompasses an unknown number of boards and agencies with unknown effect.

The remainder of the bill conforms to these basic changes. Sections that removed existing statutes are deleted, and the original statutory language remains intact.

Finally, your Committee amended the section relating to the Hawaii Criminal Justice Commission by extending the "sunset" date to 1992. Your Committee also inserted new language and expanded the purpose of the commission to "[d]evelop, evaluate, and administer informational and educational programs relating to crime, crime prevention, and the criminal justice system."

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 5, S.D. 2, H.D. 1, as amended herein, and recommends that it be referred to the Committee on Finance in the form attached hereto as S.B. No. 5, S.D. 2, H.D. 2.

Signed by all members of the Committee except Representatives Andrews, Peters, Yoshimura and Jones.

SCRep. 955 Labor and Public Employment on S.B. No. 1000

The purpose of this bill is to make recall lists first in the sequence of lists from which names are to be taken when certifying eligibles to fill vacant civil service positions.

Your Committee heard testimonies from the Director of Personnel Services and the Hawaii Government Employees Association recommending that the bill be amended 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 purpose of Act 157 was 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 finds that this bill which implements the salary adjustments recommended in the study will serve to provide an equitable relationship between the value of work performed by the State and County civil service employees and their salary or wage schedules.

Your Committee has amended the bill to incorporate the recommendations made by the consultants as follows:

- (1) Clarifying definitions to conform to the Job Evaluation Study;
- (2) Specifying the effective dates of the adjustments;
- (3) Clarifying the salary adjustments provided for employees under Sections 3 and 4 of the bill;
- (4) Designating \$ _____ million as the amount appropriated to accomplish the purposes of this bill.

These recommendations are the result of an understanding reached between the employers and the exclusive employee representative.

Your Committee on Labor and Public Employment is in accord with the intent and purpose of S.B. No. 1000, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1000, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Bellinger, Horita, Oshiro, Souki, Jones and Marumoto.

SCRep. 956 Labor and Public Employment on S.B. No. 979

The purpose of this bill is to eliminate the contract bond requirement for price-term, open-end, or requirements contracts for materials if the amount to be paid to the contractor cannot be accurately estimated at the time the contract is to be awarded.

Current law provides that bonds are required in all contracts to insure the full and faithful performance of the contract. This provision is unworkable in contracts where there is no specified quantity of goods over a defined period of time.

The Department of Accounting and General Services testified in support of this bill on the ground that the State has sufficient control over non-performing contractors and the present difficulty in obtaining bonds in today's market.

Your Committee has amended the bill to limit the purpose of this bill to price-term, open-end, or requirements contracts for materials only. Such contracts for labor shall continue to be covered by existing bond requirements. Your Committee does not believe that price-term, open-end, or requirements contracts for costs of labor would be in the public's interest in light of strong public policy favoring retention of prevailing wages in the community as stated in Chapter 104.

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

Signed by all members of the Committee except Representatives Bellinger, Horita, Oshiro, Souki, Yoshimura, Jones and Marumoto.

SCRep. 957 Tourism on H.R. No. 46

The purpose of this resolution is to request the Hawaii Visitors Bureau and Department of Transportation to review the feasibility of sponsoring dragon boat races.

As illustrated by the annual Singapore Dragon Boat Festival, this spectacular event can be instrumental in promoting cultural exchange amongst participants as well as benefitting the promotion and welfare of the host location.

Your Committee believes that a Dragon Boat Festival in Hawaii would add another unique event to attract visitors to our shores as well as giving our State the opportunity to introduce Hawaiian canoeing as a possible international sport. Hawaii's canoe paddlers have worked very hard in demonstrating our State sport at the Los Angeles Olympic Games, and the sport is at the doorstep of the Olympic Acceptance Committee. Although this progress certainly looks promising, a necessary ingredient is the need for foreign participants in order that there may be competition. The Dragon Boat Festival would be a vehicle in encouraging and assisting more foreign teams to become future Olympic participants.

Additionally, the Department of Transportation and the Hawaii Visitors Bureau have expressed their support and strongly endorse the introduction of dragon boat races in Hawaii.

Your Committee on Tourism concurs with the intent and purpose of H.R. No. 46 and recommends that it be referred to the Committee on Water, Land Use, Development and Hawaiian Affairs.

Signed by all members of the Committee except Representative Jones.

SCRep. 958 Agriculture on H.R. No. 89

The purpose of this resolution is to request that the Board of Agriculture prepare a study to identify means by which the number of quarantine positions at the airport can be increased, as well as to determine if the State of Hawaii can accept jurisdiction over military planes entering the State, for purposes of quarantine and inspection.

SCRep. 961 Planning, Energy and Environmental Protection; Agriculture;
and Water, Land Use, Development and Hawaiian Affairs on
S.B. No. 1711

The purpose of this bill is to clarify Section 166-4, Hawaii Revised Statutes, relating to the exemption of agricultural parks from planning, zoning, subdivision, construction, and building standards under certain conditions.

Your Committees find that this measure proposes housekeeping amendments to conform the provisions of exempt agricultural park projects with those of exempt housing development projects. The provisions for agricultural park projects were originally based on those for exempt housing developments. Thus far, however, these provisions have not been updated. This bill will insure that these provisions are consistent with the current provisions of exempt housing projects

Following discussion on this bill, your Committees have amended Section 166-4 C (4), on page 5 line 12, by inserting language to clarify that the State shall assume responsibility of maintaining all roads within agricultural parks provided that the roads are developed exempt from applicable county ordinances, rules and charter provisions regarding the construction of roads. Your Committees find that this amendment clarifies the responsibilities of the State as well as the counties in regard to the maintenance of roads within agricultural parks developed under exempt circumstances.

Your Committees on Planning, Energy and Environmental Protection; Agriculture; and, Water, Land Use, Development and Hawaiian Affairs are in accord with the intent and purpose of S.B. No. 1711, S.D. 1, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 1711, S.D. 1, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committees.

SCRep. 962 Ocean and Marine Resources on S.B. No. 599

The purpose of this bill is to clarify the statutes regarding the replenishment of sand on public beaches.

This bill would:

1. Limit to one gallon the amount of sand, coral, rocks, soil, or other beach or marine deposits which may be taken from a public beach for noncommercial use;
2. Delete reference to beach replenishment at Hilo Bay, Waikiki, Ala Moana, and Kailua beaches to allow State or county government agencies to mine sub-merged sand deposits to replenish any public beach; and
3. Specify that State and county agencies may clear sand from mouths of drainage pipes and canals and stream mouths, for public improvement maintenance purposes.

Your Committee has amended this bill by:

1. Inserting the words "dead" and "coral rubble" on page 1, line 4;
2. Specifically permitting the counties to provide stricter provisions by county ordinance;
3. Improving the language of Section 3 on page 3 to read:

"or cleaning of beaches for state and county maintenance purposes, including the purposes under Section 46-11.5"

and specifying that the sand removed shall be placed on adjacent beaches; and
4. Omitting the need for an environmental impact statement for the removal of sand or coral rubble under this paragraph.

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

purpose of S.B. No. 599, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 599, S.D. 1, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 963 Ocean and Marine Resources on S.B. No. 411

The purpose of this bill is to designate black coral as the official State gem of Hawaii.

Black coral is a precious coral that possesses gem-like qualities when cut and polished. It was discovered in Hawaii in 1958 by local divers and has since grown to a multi-million dollar industry. Hawaii is the only state in the United States where black coral can be found.

The Department of Land and Natural Resources testified in favor of this bill, stating that black coral is indigenous to the State of Hawaii.

Your Committee finds that adopting black coral as the State gem would enhance the black coral industry and generate increased awareness of our valuable ocean resources.

Your Committee on Ocean and Marine Resources is in accord with the intent and purpose of S.B. No. 411 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 964 Housing and Community Development on S.B. No. 318

The purpose of this bill is to authorize the Hawaii Community Development Authority (HCDA) to adopt administrative rules to establish the allocation of costs for the removal, relocation, replacement or reconstruction of existing utility lines within the Kakaako improvement districts. The bill further provides that the cost be allocated between the Authority, the affected public utility companies, and the properties specially benefiting from the utility improvements.

This bill clarifies the jurisdiction of the HCDA in any removal, relocation, reconstruction, or replacement of public utility facilities deemed necessary as part of a district-wide improvement program. It is noted that the administrative rules of the Authority and its assessment methods for any improvement district project are required to be approved by the Authority and the Governor after public hearings are held in accordance with Chapter 91, Hawaii Revised Statutes. Your Committee is aware that the methods adopted by the Authority may differ from those used by the City; however, in formulating the improvement district projects the Authority shall fully consider the use of the City and County's existing cost allocation methods.

Your Committee finds that the proposed amendment clarifies existing law and does not expand the powers of HCDA as established in Chapter 206E, Hawaii Revised Statutes.

Your Committee on Housing and Community Development is in accord with the intent and purpose of S.B. No. 318, S.D. 1, and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative M. Ige.

SCRep. 965 Housing and Community Development on S.B. No. 596

The purpose of this bill is to (1) clarify the definition of displaced person and the circumstances under which government assistance is required and (2) require that government agencies be reimbursed for costs related to displacement of persons caused by owners who wilfully neglect or violate applicable codes in addition to the zoning code.

Your Committee finds that Chapter 111, Hawaii Revised Statutes, requires

relocation payments and services for persons displaced by certain governmental actions. Chapter 111 also requires reimbursement of moneys paid out under its provisions by persons responsible for zoning code violations.

The City and County testified that this bill would remove provisions in the existing law which make the chapter's application overly broad and subject to misinterpretation. This bill would also clarify that in order to be considered a displacee, a tenant affected by a code enforcement program must be required to move by a government agency.

Finally, this bill would amend Chapter 111 to require property owners to be responsible for displacement caused not only by zoning code violations but by housing and building code violations as well. Your Committee agrees that property owners are responsible for compliance with all codes which protect health and safety, and not only the zoning code.

Your Committee on Housing and Community Development is in accord with the intent and purpose of S.B. No. 596, S.D. 1, and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives M. Ige, Kawakami and Peters.

SCRep. 966 Human Services on H.R. No. 121

The purpose of this resolution is to request Congress to liberalize the Medicaid eligibility provisions regarding income and assets held jointly between spouses in situations where one spouse requires long-term care institutionalization in order to avoid the impoverishment of the spouse who does not require long-term care institutionalization.

Your Committee finds that when one spouse requires long-term care institutionalization, couples often must either "spend down" their income and assets or divorce their partner of many years in order to meet Medicaid eligibility requirements. Your Committee believes that in order to protect our senior citizens from such a situation, amendments to the Medicaid law and regulations that will preserve the marriage and avoid the impoverishment of the non-institutionalized spouse, need to be made.

Your Committee on Human Services concurs with the intent and purpose of H.R. No. 121 and recommends its adoption.

Signed by all members of the Committee except Representative M. Ige.

SCRep. 967 Human Services on H.C.R. No. 63

The purpose of this concurrent resolution is to request Congress to liberalize the Medicaid eligibility provisions regarding income and assets held jointly between spouses in situations where one spouse requires long-term care institutionalization in order to avoid the impoverishment of the spouse who does not require long-term care institutionalization.

Your Committee finds that when one spouse requires long-term care institutionalization, couples often must either "spend down" their income and assets or divorce their partner of many years in order to meet Medicaid eligibility requirements. Your Committee believes that in order to protect our senior citizens from such a situation, amendments to the Medicaid law and regulations that will preserve the marriage and avoid the impoverishment of the non-institutionalized spouse, need to be made.

Your Committee on Human Services concurs with the intent and purpose of H.C.R. No. 63 and recommends its adoption.

Signed by all members of the Committee except Representative M. Ige.

SCRep. 968 Higher Education and the Arts on H.R. No. 112

The purpose of this resolution is to request a joint study by the University of

Hawaii and the Department of Land and Natural Resources to assess the post-secondary educational needs of West Hawaii and project those needs over the next twenty years, and, if the need assessment indicates that a higher education facility in West Hawaii is appropriate, then, explore potential sites for such a facility, and select a site for a higher education facility in West Hawaii.

Your Committee received testimony from the Chancellor of the University of Hawaii at Hilo and the Chairperson of the Board of Land and Natural Resources in support of this resolution. The Chancellor indicated that West Hawaii is the fastest growing district in Hawaii, and that such a facility should probably be as close to the center of the population whose educational needs are to be met. Your Committee also recognized the potential impact that development plans currently being discussed by a private developer might have on West Hawaii.

Your Committee on Higher Education and the Arts concurs with the intent and purpose of H.R. No. 112 and recommends that it be referred to the Committee on Water, Land Use, Development and Hawaiian Affairs.

Signed by all members of the Committee except Representative Hashimoto.

SCRep. 969 Higher Education and the Arts on H.C.R. No. 59

The purpose of this concurrent resolution is to request a joint study by the University of Hawaii and the Department of Land and Natural Resources to assess the postsecondary educational needs of West Hawaii and project those needs over the next twenty years, and, if the need assessment indicates that a higher education facility in West Hawaii is appropriate, then, explore potential sites for such a facility, and select a site for a higher education facility in West Hawaii.

Your Committee received testimony from the Chancellor of the University of Hawaii at Hilo and the Chairperson of the Board of Land and Natural Resources in support of this resolution. The Chancellor indicated that West Hawaii is the fastest growing district in Hawaii, and that such a facility should probably be as close to the center of the population whose educational needs are to be met. Your Committee also recognized the potential impact that development plans currently being discussed by a private developer might have on West Hawaii.

Your Committee on Higher Education and the Arts concurs with the intent and purpose of H.C.R. No. 59 and recommends that it be referred to the Committee on Water, Land Use, Development and Hawaiian Affairs.

Signed by all members of the Committee except Representative Hashimoto.

SCRep. 970 Education on H.R. No. 94

The purpose of this resolution is to study the feasibility of hiring security attendants to patrol school campuses at night and the use of building illumination at night as a deterrent to vandalism.

Testimony was heard from the Department of Education and the principals of the five schools in the Ewa Beach area in support of this resolution.

Your Committee finds that vandalism and burglaries at night in public school facilities are serious problems which merit further study.

Your Committee on Education concurs with the intent and purpose of H.R. No. 94 and recommends that it be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 971 Education on H.C.R. No. 51

The purpose of this concurrent resolution is to study the feasibility of hiring security attendants to patrol school campuses at night and the use of building illumination at night as a deterrent to vandalism.

Testimony was heard from the Department of Education and the principals of the five schools in the Ewa Beach area in support of this concurrent resolution.

Your Committee finds that vandalism and burglaries at night in public school facilities are serious problems which merit further study.

Your Committee on Education concurs with the intent and purpose of H.C.R. No. 51 and recommends that it be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 972 Human Services on H.R. No. 67

The purpose of this resolution is to request the Department of Social Services and Housing (DSSH) to study the Florida prison closed-circuit television system, which has been developed to help prepare inmates for eventual reintegration into society.

Your Committee finds that personal reintegration efforts must be made since a majority of prison inmates will eventually be released back into society. One such undertaking which seems to be practical and successful is Florida's innovative closed-circuit television program which seeks to prepare inmates for societal reintegration through educational programming in such areas as personal improvement, self-motivation, overcoming drug dependency, and job preparation.

Your Committee received testimony in support of this resolution from DSSH and the John Howard Association of Hawaii, which indicated that the use of closed-circuit television in Hawaii's prison system is worth serious consideration since it can expand and improve program services in an effective and cost efficient manner.

While concurring with the intent of this resolution, DSSH recommended that the resolution be amended to delete references to a site visit since sufficient information about the program can be gained through written correspondence and telephone conversations with Florida officials.

Accordingly, the resolution was amended to delete all references to a site visit.

Your Committee on Human Services concurs with the intent and purpose of H.R. No. 67, as amended herein, and recommends that it be referred to the Committee on Finance in the form attached hereto as H.R. No. 67, H.D. 1.

Signed by all members of the Committee.

SCRep. 973 Human Services on H.C.R. No. 39

The purpose of this concurrent resolution is to request the Department of Social Services and Housing (DSSH) to study the Florida prison closed-circuit television system, which has been developed to help prepare inmates for eventual reintegration into society.

Your Committee finds that personal reintegration efforts must be made since a majority of prison inmates will eventually be released back into society. One such undertaking which seems to be practical and successful is Florida's innovative closed-circuit television program which seeks to prepare inmates for societal reintegration through educational programming in such areas as personal improvement, self-motivation, overcoming drug dependency, and job preparation.

Your Committee received testimony in support of this concurrent resolution from DSSH and the John Howard Association of Hawaii, which indicated that the use of closed-circuit television in Hawaii's prison system is worth serious consideration since it can expand and improve program services in an effective and cost efficient manner.

While concurring with the intent of this concurrent resolution, DSSH recommended that the resolution be amended to delete references to a site visit since sufficient information about the program can be gained through written correspondence and telephone conversations with Florida officials.

Accordingly, the concurrent resolution was amended to delete all references to a site visit.

Your Committee on Human Services concurs with the intent and purpose of H.C.R. No. 39, as amended herein, and recommends that it be referred to the Committee on Finance in the form attached hereto as H.C.R. No. 39, H.D. 1.

Signed by all members of the Committee.

SCRep. 974 Planning, Energy and Environmental Protection and Water, Land Use, Development and Hawaiian Affairs on S.B. No. 481

The purpose of this bill is to authorized the Board of Land and Natural Resources to issue geothermal mining leases on reserved lands provided that the surface owner or the owner's assignee is granted the first opportunity to apply for such leases. This bill further authorizes the Board to issue geothermal mining leases for lands not within a geothermal resource subzone if the lands are contiguous to an existing geothermal resource subzone and are under a common ownership provided that the lands not within a geothermal resource subzone are designated as a geothermal resource subzone and all other applicable permits are obtained before the lands are used for development activities.

Your Committees find that developers of geothermal resources are faced with considerable risks when undertaking geothermal resource development projects in that the economic potential of any given resource area is largely unknown prior to its full exploration. This bill will ensure that a developer, whose funds have been expended to explore a potential geothermal resource, would be provided the first opportunity to lease and develop the resource.

Your Committees have amended this bill by adding the phrase "without public auction" within the sentence which begins on line 6, page 2. This amendment clarifies that if the Board decides that it is appropriate to grant a mining lease without an auction, the surface owner or the owner's assignee shall have the first opportunity to apply for the mining lease.

Your Committees have further amended this bill by clarifying that the Board may grant a mining lease to "the surface owner or the owner's assignee" for areas not within a subzone provided that such lands are contiguous to an existing subzone and are under a common ownership. This amendment clarifies that the surface owner or its assignee shall have the first opportunity to secure a mining lease on such lands. In addition, your Committees have provided that the issuance of a mining lease on non-subzone lands should not be interpreted as to imply that a geothermal resource subzone shall be designated as a consequence of the Board's approval of the lease.

Your Committees on Planning, Energy and Environmental Protection and Water, Land Use, Development and Hawaiian Affairs are in accord with S.B. No. 481, S.D. 1, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 481, S.D. 1, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committees.

SCRep. 975 Planning, Energy and Environmental Protection and Water, Land Use, Development and Hawaiian Affairs on S.B. No. 778

The purpose of this bill is to authorize the Department of Land and Natural Resources to petition for land use district reclassifications for the purpose of preserving areas which serve as the habitat for unique native species of flora and fauna.

Your Committees find that there are presently many areas of unique quality and value in Hawaii that are not protected by conservation district zoning. These areas often serve as the habitat of rare species of native flora and fauna. This bill authorizes the Department of Land and Natural Resources to initiate amendments to the State's conservation district boundaries to insure that these areas of unique value are afforded the protection of conservation district zoning.

Your Committees have amended this bill in accord with several revisions suggested by the Department of Land and Natural Resources as follows:

SECTION 2 of the bill has been amended by placing the proposed new section

should not be a major burden upon the State but would be extremely important in the landowner's controlling activities not previously contemplated in lease, sub-lease or assignment of lease agreements.

Your Committee on Agriculture is in accord with the intent and purpose of S.B. No. 982, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 982, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 978 Consumer Protection and Commerce on S.B. No. 518

The purpose of this bill is to allow all health insurance policies and all individual and group hospital and medical service corporation contracts to offer coverage for child health supervision services from the moment of birth to age five, including a history, physical examinations, development assessment, anticipatory guidance, and appropriate immunizations and laboratory tests, in keeping with prevailing medical standards.

The State has implemented a similar program under Medicaid, through the Early and Periodic Screening, Diagnosis and Treatment Program, which provides service to the children of eligible families. This bill will provide similar services to families covered under health insurance programs.

Your Committee has received testimony from the Insurance Commissioner, the Department of Health, the Office of Children and Youth, the Hawaii Medical Association, the American Academy of Pediatrics, the Hawaii Nurses' Association, the Hawaii Medical Service Association, the Hawaii Family Stress Center, and the Chamber of Commerce of Hawaii.

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 replacing in Section 1 of the bill the phrase "all health insurance policies" with "all individual and group accident and sickness insurance policies issued in this State, individual or group hospital or medical service plan contracts, nonprofit mutual benefit associations, and health maintenance organizations" to clarify what the applicable coverages are.

Your Committee also added "as defined by Section 457-2" in page 3 of the bill to clarify the definition of nurse-delivered services.

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

Signed by all members of the Committee except Representatives Peters, Yoshimura and Jones.

SCRep. 979 Consumer Protection and Commerce and Judiciary on S.B. No. 978

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

The bill also: (1) itemizes parameters for establishing licensing requirements; (2) allows the Board of Contractors (Board), 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; and (3) provides a misdemeanor penalty and a fine not to exceed \$5,000.

Your Committees have received testimony from the Contractors License Board, the Department of Accounting and General Services, and the Department of Com-

merce and Consumer Affairs in support of this bill.

Your Committees note that this bill allows the Board to exempt classes or certain specific activities by contractors if the activities do not pose a health hazard. Your Committees find that this provision is overly broad and vague. Accordingly, your Committees have amended the bill by providing that the Board may exempt specific activities such as maintenance, repair or removal of asbestos pipe or sheets, vinyl asbestos floor materials or asbestos-bituminous or resinous material, or activities that are incidental to the contractor's primary work.

Your Committees on Consumer Protection and Commerce and Judiciary are in accord with the intent and purpose of S.B. No. 978, S.D. 1, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 978, S.D. 1, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committees except Representative Yoshimura.

SCRep. 980 Consumer Protection and Commerce 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 Chapters 431 and 432, Hawaii Revised Statutes. The proposed more significant changes are:

- (1) Establish a definition of general business practice;
- (2) To provide the grounds for the Insurance Commissioner to refuse, suspend, or revoke an insurer's certificate of authority after a hearing;
- (3) To allow a domestic insurer to effect or maintain bonafide hedging transactions;
- (4) To 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) To establish the criteria governing when a domestic insurer may organize or acquire subsidiaries;
- (6) To establish the criteria and procedures for the making of motor vehicle insurance rates;
- (7) To create a new article relating to the establishment and regulation of an insurance holding company system;
- (8) To provide that all policy revisions which alter coverage shall be filed with the Commissioner;
- (9) To 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) To require an association to submit a plan of operation to the Commissioner; and
- (11) To provide the criteria for the use of reinsurance reserves in liquidation, dissolution or insolvency.

Your Committee has received testimony from the Insurance Commissioner, the Hawaii's Insurers Council, and the Hawaii Association of Domestic Life Insurers in support of this bill.

This bill was submitted as part of a comprehensive review of the current insurance law. The Legislature has been concerned with the increasing costs of insurance and its unavailability for certain risks.

Your Committee has amended this bill by providing in Section 16 of the bill that this Act shall take effect upon its approval only if H.B. No. 410, H.D. 1, becomes an Act.

Your Committee also has made technical, nonsubstantive corrections throughout the bill.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 1525, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1525, S.D. 1, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Yoshimura and Jones.

SCRep. 981 Consumer Protection and Commerce on S.B. No. 420

The purpose of this bill, as received by your Committee, is to specify that a landlord shall meet the requirements pertaining to the return of security deposits by mailing to the tenant, by certified mail and postmarked before midnight of the fourteenth day after the termination of the rental agreement, the full amount of the security deposit or a partial amount with an explanation for the amount retained.

The bill further provides that all actions for the recovery of any amount of the security deposit retained by the landlord must be instituted no later than one hundred eighty days after the termination of the rental agreement.

Your Committee received testimony from the Office of Consumer Protection and the Hawaii Association of Realtors.

Your Committee finds that the return of security deposits by certified mail, return receipt requested, will promptly discharge a landlord of the landlord's obligation and benefit both landlord and tenant.

However, your Committee also finds that the limit of one hundred eighty days for a tenant to institute any action for the return of the tenant's security deposit is too short and does not take into consideration other factors which may delay a tenant from taking immediate action. Accordingly, your Committee has amended the bill by specifying two years rather than one hundred eighty days.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 420, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 420, S.D. 1, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Yoshimura.

SCRep. 982 Consumer Protection and Commerce on S.B. No. 1289

The purpose of this bill is to provide the Real Estate Commission with subrogation rights in cases where it has settled a claim against proceeds from the real estate recovery fund.

Your Committee has received testimony in support of the bill from the Real Estate Commission and the Hawaii Association of Realtors.

Under present law, the Commission is empowered with subrogation rights in cases where it has satisfied judgments from the recovery fund upon an order of the court. This bill will provide the Commission with subrogation rights from both cases settled and cases adjudicated.

Your Committee has amended the bill by including an amendment to Section 467-16, Hawaii Revised Statutes, which establishes the real estate recovery fund and the use of the fund.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 1289, S.D.1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1289, S.D.1, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Yoshimura.

SCRep. 983 Consumer Protection and Commerce on S.B. No. 1395

The purpose of this bill, as received by your Committee, is to provide that an application for a liability policy, medical payment, or an income disability policy which meets the provisions of Section 294-12.6 pertaining to a motorcycle or motor scooter, shall not be rejected by an insurer authorized to issue a no-fault policy unless the principal operator has not obtained a learner's permit or has not graduated from either a course in motorcycle safety or driver education approved by the Department of Transportation.

Act 231, Session Laws of Hawaii 1985, removed motorcycle and motor scooters from the no-fault law with the assumption that the removal would attract specialty insurance carriers and provide liability policies. However, policies for motorcycles and motor scooter instead became unavailable, and the few companies providing coverage increased their rates dramatically.

Your Committee finds that the high cost and general unavailability of motorcycle and motor scooter insurance present a problem not just to persons owning or operating those vehicles but also to the general public.

Your Committee has received testimony from the Insurance Commissions, the Hawaii Insurer's Council, the Motorcycle Training Associates, Street Bikers United, the Hawaii Business League, the Hawaii Independent Agents Association, and other interested parties.

Your Committee has considered the concerns presented in the testimonies, including a proposal for amendment to the bill which is the result of a meeting between motorcyclist and insurers. Accordingly, your Committee has amended the bill as follows:

1. Deleted the requirement that motorcycle and motor scooters provide personal injury protection coverage for passengers and pedestrians and eliminated motorcycles and motor scooters from the provisions of Sections 294-4, 294-6, and 294-10, relating to abolition of tort liability and allowing injured motorcycle passengers and pedestrians to seek third-party tort recovery without regard to qualifying thresholds;
2. Raised liability by coverage for motorcycles and motor scooters to \$35,000 for bodily injury and \$10,000 for property damage, consistent with coverages currently required for motor vehicles;
3. Provided that insurers may provide liability coverage in excess of that required by law;
4. Required any person seeking liability coverage first to obtain a valid motorcycle or motor scooter license or a valid learner's permit after having completed a motorcycle education course approved by the Department of Transportation;
5. Required insurers to provide a fifteen per cent reduction upon completion of a motorcycle education course;
6. Retained as a mandatory option the medical and income disability coverage.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.D. No. 1395, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1395, S.D. 1, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Peters, Yoshimura and Jones.

SCRep. 984 Consumer Protection and Commerce and Judiciary on S.B. No. 442

The purpose of this bill, as received by your Committees, is to establish guidelines for the Board of Dental Examiners, the Board of Medical Examiners, the Board of Nursing, the Board of Osteopathic Examiners, and the Board of Veterinary Examiners (Boards):

More specifically, in addition to authority already conferred to the Boards by law, this bill will:

- (1) Allow the Boards to create an inactive and a retired license category and procedures for activation;
- (2) Authorize the Boards to communicate and cooperate with federal, State, or county agencies regarding an applicant's qualification or fitness;
- (3) Provide that all disciplinary actions taken by the Boards shall be matters of public record and shall be promptly reported to a central disciplinary data bank.

The bill also:

- (1) Grants immunity to any person for reporting or investigating any governmental agency, health care facility, or health care provider, or for assisting a Board;
- (2) Requires an applicant to bear the burden of providing and documenting the applicant's qualifications for licensure;
- (3) Establishes the procedures and penalties for inability to practice for mental or physical conditions;
- (4) Authorizes the Director of Commerce and Consumer Affairs (Director) to establish advisory committees to serve as consultants to the Boards in disciplinary actions and investigations;
- (5) Authorizes the Director to issue subpoenas compelling the production of a peer review committee's final decision;
- (6) Requires a medical society, hospital, or health care facility to expunge from documents submitted, only a patient's name, address, telephone number, hospital identification number, and social security number.

Your Committees have received testimony from the Board of Medical Examiners, the Department of Commerce and Consumer Affairs, the Hawaii Federation of Physicians and Dentists, the Hawaii Nurses Association, the Hawaii Medical Association, and other concerned parties.

In considering all the testimony presented, your Committees find that this bill raises legal questions which cannot be resolved and that the language of the bill is vague and overbroad. Accordingly, your Committees have deleted a major portion of the bill and have only retained provisions pertaining to definitions, the creation of advisory committees which provisions are not substantially different from current law, and the authority of the Director of Commerce and Consumer Affairs to subpoena final reports of a peer review committee.

Your Committees on Consumer Protection and Commerce and Judiciary are in accord with the intent and purpose of S.B. No. 442, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 442, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committees.

SCRep. 985 Consumer Protection and Commerce on S.B. No. 545

The purpose of this bill is to authorize the Insurance Commissioner to establish standards for long-term care insurance to protect applicants from unfair and deceptive sales and enrollment practices.

More specifically, the bill:

- (1) Includes the definition of "long-term care insurance" as group or individual policies for medically necessary services provided in a setting other than an acute care unit of a hospital;
- (2) Prohibits advertising, marketing, or offering long-term care unless the requirements of this bill are complied with;

- (3) Allows the Insurance Commissioner to adopt rules for full and fair disclosures of the terms and conditions of long-term insurance contracts;
- (4) Provides that no long-term care insurance policy may be cancelled or terminated for a preexisting condition under certain specified circumstances;
- (5) Provides that long-term insurance for benefits only following institutionalization may not condition the benefits;
- (6) Allows the Insurance Commissioner to adopt rules establishing loss ratio standards for long-term care insurance policies;
- (7) Requires the insurer to deliver an outline of coverage to an applicant;
- (8) Creates a right to return the policy within thirty days of delivery and to have the premium refunded;
- (9) Specifies that this bill shall not limit or restrict the sale or offering for sale of insurance which provides long-term care benefits in noninstitutional settings, including a private residence;
- (10) Establishes the requirements for a group policy certificate; and
- (11) Authorizes the Insurance Commissioner to adopt necessary rules.

Your Committee has received testimony in support of the bill from the Insurance Commissioner, the Department of Social Services and Housing, the Executive Office on Aging, the Hawaii State Legislative Committee of the American Association of Retired Persons, the Healthcare Association of Hawaii, the Hawaii Association for Home Care, and the Founders Group of Kokua Council for Senior Citizens.

This bill was drafted pursuant to model state legislation developed by the Advisory Committee on Long-Term Care of the National Association of Insurance Commissioners.

Your Committee has amended the bill as follows:

- (1) Deleted the phrase "including a covered person's home or residence" from the definition of "long-term care insurance" as your Committee does not want to mandate coverage for home care. Your Committee was informed that mandating home care coverage could have the effect of discouraging insurers from offering long-term care insurance. Therefore, it is your Committee's intent that home care may be covered under the proposed provisions, but will not require it as part of the coverage.
- (2) Added the phrase "or nursing home care insurance" on page 5, line 18 of the bill to exempt policies not advertised as long-term care or nursing home care insurance from the requirements of the provision; and
- (3) Modified the terms of a preexisting condition on page 7 of the bill to conform it with the NAIC model.

Your Committee also made technical, nonsubstantive corrections throughout the bill.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 545, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 545, S.D. 1, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 986 Consumer Protection and Commerce on S.B. No. 1278

The purpose of this bill is to exempt from the requirements of subsection 465-7(2), Hawaii Revised Statutes, any person whose doctoral degree was conferred and application filed with the Board of Psychology in 1985, providing that there is certification of a 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 has received testimony from the Board of Psychology, the Hawaii Psychological Association, and several interested parties.

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 this chapter. Your Committee emphasizes that this bill is not to be seen as a back door entry circumventing the requirement for accreditation.

Your Committee has amended the bill to conform it to the Ramseyer format.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S. B. No. 1278, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1278, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 987 Consumer Protection and Commerce and Judiciary on S.B. No.
445

The purpose of this bill, as received by your Committees, is as follows:

(1) To allow 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 including apparatus or appliances considered to be prescriptive devices;

(7) To create consistent statutory definitions for "cosmetologist", "cosmetology", "manicurist", "managing operator", and "temporary permit";

(8) With the exception of beauty operators who practice their trade for educational purposes, to specify that only persons registered as cosmetologists can practice their trade in this State, and only in registered beauty shops;

(9) To delete the prohibition specifying that no member of the Board shall be a member of, or affiliated with, any school specializing in cosmetology;

(10) To require that apprentices and instructor-trainees shall be at least sixteen years of age and have an education equivalent to the completion of high school;

(11) To clarify that the categories of examinations shall be limited to cosmetologist, hairdresser, cosmetician, manicurist, and instructor;

(12) To require that a cosmetologist applicant shall be at least sixteen years old and have an education equivalent to completion of high school, and have either three thousand six hundred hours of training as an apprentice, or one thousand eighteen hundred hours of training in a registered beauty school;

(13) To require that a hairdresser applicant be at least sixteen years old and have an education equivalent of completion of high school, and have either two thousand hours of training as an apprentice, or one thousand twelve hundred hours of training in a registered beauty school;

(14) To require a cosmetician applicant be at least sixteen years old and have an education equivalent to completion of high school, and have either two thousand hours of training as an apprentice or five hundred fifty hours of training in a registered beauty school;

(15) To require that a manicurist applicant be at least sixteen years old and have an education equivalent to completion of high school, and have either seven hundred hours of training as an apprentice, or three hundred fifty hours of training in a registered beauty school;

(16) To allow an applicant who fails an initial examination to file another application with the required fees;

(17) To allow an applicant to apply for a temporary permit as long as the applicant continues to take the examination consecutively;

(18) To establish violations for which the Board of Cosmetology may take disciplinary action, and the appropriate amount of fines it may impose for each violation;

(19) To provide a right to request a hearing within sixty days of the date of a certificate denial or refusal; and

(20) To provide technical and grammatical corrections to the bill to clarify the language of the provisions and for purposes of consistency.

Your Committees have received testimony from the Board of Cosmetology (Board), the Hawaii State Cosmetology Association, Inc., and the Hawaii Institute of Hair Design.

Your Committees find that this bill will clarify the procedures and practices for the licensure of cosmetologists and will maintain the standards of professional cosmetology services available to the public.

Upon consideration of the testimony received, however, your Committees have amended the bill by:

(1) Restoring the prohibition against members or persons affiliated with a cosmetology school serving on the Board to avoid possible conflicts of interest;

(2) Changing the requirement for a cosmetologist applicant from one thousand eighteen hundred to one thousand eight hundred hours of training in a registered beauty school;

(3) Changing the requirement for a hairdresser applicant from two thousand to two thousand five hundred hours of training as an apprentice and from one thousand twelve hundred hours to one thousand two hundred-fifty hours of training in a registered beauty school;

(4) Changing the requirement for a cosmetician applicant from two thousand to one thousand one hundred hours of training as an apprentice;

(5) Changing the educational requirement for cosmetologist, hairdresser, cosmetician and manicurist applicants from an education equivalent to completion of high school to the completion of four years of high school;

(6) Allowing an instructor applicant to apply for an examination after the completion of a course in the theory and practice of education in cosmetology

consisting of six hundred hours; and

(7) Providing that an applicant may, before passing the examination, request a temporary permit; but, if the applicant fails the third examination as consecutively scheduled by the Board, the applicant may continue to qualify to take further examinations but shall not qualify for a temporary permit.

Your Committees on Consumer Protection and Commerce and Judiciary are in accord with the intent and purpose of S.B. No. 445, S.D. 1, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 445, S.D. 1, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committees.

SCRep. 988 Consumer Protection and Commerce on S.B. No. 1277

The purpose of this bill, as received by your Committee, is to specify: (1) that inspection reports shall refer to wood-destroying insects; (2) that a written inspection report and a written estimate have been approved by the person requesting the work; (3) that the written estimate shall include the recommended treatment and the cost; (4) that while the written inspection report shall include the location of visible termite infestations apparent to the licensee, the licensee shall not be responsible for subsequent infestations.

Your Committee has received testimony from the Pest Control Board and the Hawaii Pest Control Association in support of this bill.

Your Committee has deleted the requirement that the written estimate include the recommended treatment and its cost, as it felt that to be redundant. And your Committee has provided that no written inspection report is required in cases where a live infestation exists.

Your Committee has also made technical amendments for purposes of style and clarity.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 1277, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1277, S.D. 1, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 989 Consumer Protection and Commerce on S.B. No. 833

The purpose of this bill, as received by your Committee, is to provide that it shall be an unfair method of competition and an unfair or deceptive act or practice for an insurer to refuse to insure, cease to insure, or limit coverage because an individual has taken an immunodeficiency virus (HIV) test prior to applying for insurance, or because an individual refuses to consent to release confidential information, unless the insurer obtains and uses the results of a test satisfying the requirement of the Insurance Commissioner and taken with the consent of the applicant for insurance.

The bill also requires the Insurance Commissioner to adopt rules to regulate the use of tests for acquired immune deficiency syndrome (AIDS), AIDS related complex, and the presence of an antibody to the human immunodeficiency virus (HIV). The bill includes a repeal date of two years after its approval.

Your Committee has received testimony in support of the bill from the Insurance Commissioner, the Life Foundation, and the Hawaii Association of Domestic Insurers.

Your Committee believes that this bill provides adequate safeguards against discriminatory practices which would deny insurance coverage to individuals solely due to the fact that these individuals have taken an HIV antibody test.

Section 3 of the bill requires the Insurance Commissioner to adopt appropriate rules and regulations to regulate the use of tests for acquired immune deficiency syndrome (AIDS). The Insurance Commissioner is urged to consider carefully the

legislative concern that applicants for insurance neither submit unwittingly to the HIV antibody test nor bear the cost of testing. Your Committee further urges the Insurance Commissioner to promulgate the rules and regulations as soon as possible.

Your Committee has amended the bill by deleting section 1 of the bill and removing tests for AIDS related complex in section 3 of the bill. Your Committee finds that it is unnecessary to include a purpose clause to the bill. Your Committee further notes that there does not now exist a reliable test for AIDS related complex.

Your Committee has also made non-substantive revisions to the bill to correct drafting errors and for purposes of style and consistency.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 833, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 833, S.D. 1, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 990 Consumer Protection and Commerce on S.B. No. 389

The purpose of this bill is to ensure the continuation of the Board of Examiners in Naturopathy (Board) and its power and authority as provided in Chapter 455, Hawaii Revised Statutes, by providing that the Chapter be repealed effective December 31, 1993. The current repeal date for this Chapter is December 31, 1987.

The bill also:

- (1) Requires that after January 1, 1990, an applicant for a naturopathy license must graduate from a school that has been accredited by a professional accrediting agency recognized by the U.S. Department of Education;
- (2) Deletes from the powers of the Board the preparation and administration of examinations;
- (3) Deletes the list of subjects for the naturopathy examination; and
- (4) Requires an applicant to pass a written examination that has been developed by a professional testing agency that is able to demonstrate the validity and reliability of the examination selected by the Board.

Your Committee has received testimony from the Board of Examiners in Naturopathy, the Department of Health, and an interested party in support of the bill.

Your Committee has considered the concerns raised in the testimony and accordingly has amended the bill as follows:

- (1) Provided that each applicant shall be a graduate of a school university, or college of naturopathy which has received candidacy status with, or has been accredited by, a professional accrediting agency recognized by the U.S. Department of Education. It is the intent of your Committee that this requirement shall not apply to those persons currently enrolled in an institution which has not been accredited by a professional accrediting agency, but the passage of this bill should serve as notice to those prospective students of naturopathy who intend to become licensed in Hawaii;
- (2) Deleted the requirement of accreditation of a regional accrediting association or by a national professional accrediting body approved by the Board or the Commission on Accreditation of the Council of Naturopathic Medical Education, incorporated in Washington, D.C.; and
- (3) Required a converted score of seventy percent on the entire examination to allow a more realistic measure of competency.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 389, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 389, S.D.

1, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 991 Consumer Protection and Commerce on S.B. No. 1173
(Majority)

The purpose of this bill, as received by your Committee, is to require that an accident and sickness insurance policy or plan issued by insurers or a mutual benefit society to provide coverage for chiropractic services.

Under current law, medical plans do not provide chiropractic service coverage except as an option.

Your Committee has received testimony from the Department of Commerce and Consumer Affairs, the United Public Workers, the Continental Association of Resolute Employers, the Hawaii Chiropractic Clinic, Inc., the Hawaii Medical Service Association, the Quakery Action Council, the Chamber of Commerce of Hawaii, the Hawaii Medical Association, the Hawaii Business Health Council, and several interested parties.

Your Committee finds that this bill will provide the public with alternative choices of medical care. However, your Committee has considered the concerns presented by some of the testifiers and, therefore, has amended the bill as follows:

1. Deleted sections 1 and 2 of the bill which state the purposes and findings because your Committee finds that these statements are unnecessary;

2. Provided the requirement that the insurance policy contract may set the appropriate coverage under the policy which may include reasonable frequency and schedule of payments. It is the intent of your Committee to enable insurance providers or mutual benefit societies to set limits as to what is reasonable coverage and to provide a schedule of frequency and payments under the plan.

3. Provided a repeal date on June 30, 1991, when the Legislature may review the data provided by the insurance providers and mutual benefit societies which shall include the effects of adding coverage on costs, the level of utilization and other pertinent information. It is expected that the insurance providers and mutual benefit societies will collect, compile, and make available the data necessary for a complete and accurate legislative review.

4. Made technical, nonsubstantive corrections to the bill.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 1173, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1173, H.D.1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.
(Representatives Bellinger and Metcalf did not concur.)

SCRep. 992 Consumer Protection and Commerce on S.B. No. 830

The purpose of this bill, as received by your Committee, is to specify that an owner or any other person engaging in a real estate transaction may not discriminate against a person because of HIV (human immunodeficiency virus) infection.

Your Committee has received testimony in support of the bill from the Department of Commerce and Consumer Affairs and the Life Foundation.

Your Committee finds that housing discrimination is a growing problem for victims of AIDS. There is a need to protect those persons against discriminatory practices because safe, decent, and affordable housing is a right of all residents.

Your Committee has amended the bill by prohibiting any requirement of testing for human immunodeficiency virus, the causative agent of AIDS, as a condition of any real estate transaction.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 830, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 830, S.D. 1, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Yoshimura.

SCRep. 993 Consumer Protection and Commerce on S.B. No. 1342

The purpose of this bill is to provide greater safeguards to consumers who utilize travel agencies and more efficient administration of travel agencies by the Department of Commerce and Consumer Affairs. More specifically, this bill:

(1) Allows the filing for a proceeding for a consent judgment under Section 480-22 for a collection from the travel agency recovery fund not later than six years from the accrual of the cause of action;

(2) Provides a procedure where by the Office of Consumer Protection may obtain a consent judgment and apply to a court for an order directing payment from the fund;

(3) Provides that the trustees of the travel agency recovery fund shall have the right to intervene and defend any application for an order to pay from the fund;

(4) Establishes a procedure for payment out of the fund;

(5) Provides that every travel agency and sales representative shall register and pay a registration renewal fee every other year; and

(6) Establishes the power and duties of the Director of the Department of Commerce and Consumer Affairs to carry out the function and purposes of Chapter 468K.

Current law provides a recovery from the travel agency recovery fund for a judgment from a lawsuit, but does not address recovery from the fund based upon a consent judgment.

Your Committee has received testimony from the Department of Commerce and Consumer Affairs (DCCA) in support of this bill.

Your Committee has amended the bill to change the registration renewal date from June 30 to December 31 of each odd-numbered year to allow DCCA more time to implement and notify registered travel agencies and sales representatives of the renewal requirement. Your Committee has also made stylistic and non-substantive changes to the bill.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 1342, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1342, S.D. 1, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Yoshimura and Jones.

SCRep. 994 Consumer Protection and Commerce on S.B. No. 526

The purpose of this bill, as received by your Committee, is to allow an employer to use the insurance proceeds of a group policy on the lives of employees to repurchase employer securities distributed to employees from a qualified pension, profit sharing, stock bonus, or employee stock ownership plan (ESOP).

Current law prohibits naming an employer as the beneficiary of a group insurance policy and restricts the ability of an employer to indemnify itself against the risk of the pre-retirement death or permanent disability of a plan participant.

This bill would allow this practice when the entire cost of the insurance was borne by the employer, and the employer used the benefits solely for the purpose of purchasing employer securities distributed to employees from plans qualified

under Section 401 of the Internal Revenue Code.

Your Committee has learned that one of the ways many companies use to build up a fund to buy back stock from an employee at death or disability is through this type of relatively inexpensive group insurance program. Currently, this program is only available for purchase in the state of Rhode Island. Your Committee feels that Hawaii can provide an alternate market to these companies.

Your Committee has received testimony from the Department of Commerce and Consumer Affairs, the Private Capital Corporation, and the Hawaii State Association of Life Underwriters in support of this bill.

Your Committee has amended the bill to correct technical drafting errors.

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

Signed by all members of the Committee except Representatives Yoshimura and Jones.

SCRep. 995 Consumer Protection and Commerce on S.B. No. 1024

The purpose of this bill, as received by this Committee, is to explicitly allow the respective county liquor commissions to use covert operations when investigating violations of the law relating to intoxicating liquor.

In addition, this bill would require that both a transferor and a transferee of a liquor license present a signed certificate from the Director of Finance and the Internal Revenue Services showing that they do not owe any delinquent taxes, penalties, or interest. These amendments would preclude a "clear" corporation from taking over a tax indebted operation without first satisfying tax delinquencies, penalties, or interests.

Finally, this bill updates violation notification requirements and the fine ceiling to reflect the county liquor commissions' current case loads and the need for flexible deterrence.

Your Committee received testimony from the Liquor Commission of the City and County of Honolulu in support of this bill.

Your Committee expressed concerns that the county liquor commissions use their discretionary powers in utilizing covert operations for investigative purposes, and coordinate its efforts closely with appropriate county police departments. And in this regard, your Committee has been assured that this practice is already in effect.

The bill has been amended to correct a drafting error on line 20 of page 5.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 1024, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1024, S.D. 1, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Yoshimura.

SCRep. 996 Consumer Protection and Commerce on S.B. No. 337

The purpose of this bill, as received by your Committee, is to extend the life of the Board of Private Detectives and Guards to December 31, 1997, and to amend the laws governing this profession as follows:

(1) Reduce the minimum age for applicants from 22 to 18 years of age;

(2) Provide that the Director of the Department of Commerce and Consumer Affairs receive criminal history information on each applicant and allow employers to obtain the same information; and

(3) Transfer the duties of providing criminal history information from the county police departments to the Hawaii Criminal Justice Data Center.

Your Committee received testimony from the State Attorney General's Office, the Board of Private Detectives and Guards, the Honolulu Police Department and other interested parties in favor of this bill.

Your Committee has made non-substantive amendments for purposes of clarity.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 337, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 337, S.D. 1, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Yoshimura and Jones.

SCRep. 997 Consumer Protection and Commerce on S.B. No. 568

The purpose of this bill, as received by your Committee, is to clarify the conditions that can result in disciplinary action against a physician.

Specifically, the bill amends Section 453-8, Hawaii Revised Statutes, paragraph (a)(8), by replacing the phrase "negligence or incompetence" with the phrase "incompetence or multiple instances of negligence".

Your Committee has received testimony from the Board of Medical Examiners and the Hawaii Medical Association in favor of this bill. Your Committee has learned, however, that, although the terms are synonymous, "gross negligence" is preferable to "gross carelessness" and has amended subparagraph (7) to reflect this change.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 568, S.D. 1, as amended herein, and recommends that it pass Second Reading as S.B. No. 568, S.D. 1, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Yoshimura and Jones.

SCRep. 998 Consumer Protection and Commerce on S.B. No. 441

The purpose of this bill is to update Hawaii law regarding cable systems as follows:

(1) To provide new definitions and conform terms and phrases according to federal regulatory provisions;

(2) To establish an application requirement for a cable franchise and a fee of \$1,000, a public hearing and notice requirement, and the standards for the issuance of a cable franchise;

(3) To require that a cable operator provide adequate and reliable services;

(4) To provide guidelines for cable system installation, construction, operation, and removal, and to conform the State provisions with the federal law which authorizes the cable companies to use for cable services the easements dedicated for compatible purposes;

(5) To establish the criteria and the authority for the Director of the Department of Commerce and Consumer Affairs (Director) to fine cable operators for violations rather than revoke, alter, or suspend their operating authority; and

(6) To allow the Director to determine an annual fee to be paid by a cable operator for the purpose of administering laws regarding cable systems, and, to the extent permitted by federal law, for public, educational, or governmental purposes.

Your Committee has received testimony from the Department of Commerce and Consumer Affairs, the Hawaii Cable Television Association, Community Television Producers Association, Samoa I Hawaii, and many concerned individuals.

Your Committee finds that the bill will conform State law with federal requirements. The passage of the Federal Cable Policy Act of 1984 has established a new framework for the State's regulation of cable communications services. Furthermore, the language of certain provisions need to be restated for purposes of clarity without making substantive changes.

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

(1) On pages 13, 14, and 28, deleted certain requirements for applicants such as capitalization capability, financial status, and projected rate structure changes. Your Committee has been informed that the Director is already empowered to require this information.

(2) On page 14, lines 6 to 9, specified that the application for cable franchise may include plans to support "public, educational, and governmental access facilities" rather than "community programming". Your committee has considered the testimony concerning the annual fees and the portion that is to be used for public access cable service. Your Committee finds that public, educational, and governmental access has provided a much needed service to the people of Hawaii and strongly urges the Director to promote and ensure the continuity of public access cable service.

(3) Deleted the requirement of a performance bond prior to the construction of an increment of a cable system. Your Committee finds that the purposes for the requirement are met in the other sections of the bill.

(4) Amended the limits of the renewal period for a cable franchise from 5-15 years to 10-20 years.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 441, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 441, S.D. 1, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Yoshimura.

SCRep. 999 Consumer Protection and Commerce on S.B. No. 1338

The purpose of this bill as received by your Committee is as follows:

1. The maximum rate of interest for a credit card agreement shall not be more than seven per cent a year above the current prime rate but not more than eighteen per cent per year;

2. The Commissioner of Financial Institutions shall announce the prime rate semiannually in a newspaper of general circulation;

3. The prime rate shall be effective as of the date of publication and any required reduction in the rate of interest under a credit care agreement or extension of credit shall be effective no later than thirty days thereafter;

4. Retail credit cards are authorized a three-point differential in their annual interest rates above the maximum rate allowed for credit cards provided that the rate of interest does not exceed twenty-one per cent, the retail credit is free of annual or other periodic fee, and issuers of retail credit cards also honor bank cards;

5. If financial institutions imposes conditions which exceed the terms of the credit card agreement without due notice and are contrary to the interests of the cardholder, the Commissioner may reduce the annual interest rate by three per cent;

6. The Office of Consumer Protection is authorized to receive and investigate complaints.

The bill further provides definitions of "bank card", "current prime rate", and

"retail credit card".

Your Committee has received testimonies from the Commissioner of Financial Institutions, the Hawaii Credit Union League, the Retail Merchants of Hawaii, the Hawaii Bankers Association, the Hawaii League of Savings Institutions and the Department of Finance of the City and County of Honolulu.

Presently, Section 478-4, Hawaii Revised Statutes, has provided that the maximum credit card rate of interest as one and one-half per cent per month, or eighteen per cent a year.

Your Committee has considered the concerns of the testifiers and finds that the cost of providing credit is only one component of the total cost of issuing credit cards and that imposing credit card rate ceilings will not benefit consumers.

Accordingly, your Committee has amended the bill by requiring that credit card issuers must disclose any information on the solicitation and application for a credit card plan including the rates and fees imposed. Your Committee finds that rather than dictate terms of the credit card agreements, full disclosure of information as to those terms will benefit consumers so that they may make more informed credit decisions.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 1338, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1338, S.D. 1, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Yoshimura.

SCRep. 1000 Consumer Protection and Commerce on S.B. No. 341

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.

At the present time, there is uncertainty regarding the exact point in time when the responsibility for any liability incurred passes from the seller to the purchaser of a motor vehicle. Your Committee finds that it is in the best interest of the public's health and safety to resolve this issue, to the extent possible, by setting specific statutory requirements which would specify the exact point in time when a seller of a motor vehicle would be relieved from any civil or criminal liability.

Your Committee has amended this bill to further clarify the conditions which constitute a legal transfer of possession of a motor vehicle, as it relates to the transfer of responsibility for any liability incurred, by adding a new subsection to Section 286-52, Hawaii Revised Statutes, which specifies that if the seller of a motor vehicle has given possession of the motor vehicle to the purchaser under contract of sale, and the purchaser has provided the seller with proof of insurance on the motor vehicle, then, even if the transfer of title has not been registered by the appropriate county, the seller shall be relieved from any civil or criminal liability from the date the possession of the motor vehicle is transferred. In addition, for purposes of consistency, your Committee has deleted from the bill the proposed amendments to Section 286-52(k), HRS, as the intent is included in the subsection previously described.

Your Committee has further amended this bill by making other technical, non-substantive amendments for purposes of clarity, consistency, and conformance to the Ramseyer drafting techniques.

Your Committee on Transportation is in accord with the intent and purpose of S.B. No. 241, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 241, S.D. 1, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Yoshimura.

SCRep. 1001 Consumer Protection and Commerce on S.B. No. 1079

The purpose of this bill, as received by your Committee, is to require every industrial loan company that issues investment or thrift certificates or debentures to the public, to maintain at least the minimum capital requirement set for banks by the Federal Deposit Insurance Corporation (FDIC).

The bill repeals the current requirement that no industrial loan company have outstanding, at anytime, its certificates or debentures in an aggregate sum in excess of ten times the aggregate amount of its paid-up capital and surplus to conform the requirement with the new FDIC standard.

The bill includes the procedure for providing notice to an institution when the Commissioner of Financial Institutions has determined that an industrial loan company is operating with less than minimum requirement and provides the actions the Commissioner may take.

Your Committee received testimony in support of the bill from the Commissioner of Financial Institutions and the Hawaii Financial Association.

Your Committee has made a technical, nonsubstantive amendment to the bill for purposes of style and clarity.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 1079, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1079, S.D. 1, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Yoshimura.

SCRep. 1002 Consumer Protection and Commerce on S.B. No. 33

The purpose of this bill, as received by your Committee, is to make the refusal to enter into a real estate transaction with a person because the person uses the services of a guide dog or a signal dog a discriminatory practice. The person using the services of a guide dog or signal dog must be legally blind or deaf to qualify for the anti-discrimination protection of this measure.

Your Committee received testimony from the Department of Social Services and Housing, the Commission on the Handicapped, Eye of the Pacific, the Hawaii Association of the Blind and other interested parties.

Your Committee has amended the bill to incorporate the language of H.B. No. 486, H.D. 1, by including service dogs in the coverage, defining service dog, requiring that all three types of dogs be individually trained, and placing the language prohibiting discrimination in a new subsection.

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

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 33, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 33, S.D. 1, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Yoshimura.

SCRep. 1003 Consumer Protection and Commerce on S.B. No. 469

The purpose of this bill is to require sellers of computers who have removed or replaced any computer part or component from any computer, as received from the manufacturer, to disclose in writing in eight point type-size, all parts removed or replaced.

The bill further provides that failure to disclose the information shall be an unfair method of competition and an unfair or deceptive act or practice within the meaning of Section 480-2, Hawaii Revised Statutes.

Your Committee has received testimony from the Office of Consumer Protection

in support of this bill.

Your Committee finds that written, full 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, however, further finds that the purpose of the bill is not within the unfair or deceptive act that Section 480-2 is intended to remedy. Accordingly, your Committee has amended this bill by deleting subsection (b) of the provision on page 1, lines 14 to 17 of the bill and by deleting "penalty" from the title of the section.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 469, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 469, S.D. 1, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Yoshimura.

SCRep. 1004 Consumer Protection and Commerce on S.B. No. 565

The purpose of this bill as received by your Committee is to exempt medical malpractice policies from the requirement that insurers implement a twelve per cent rate reduction for all policies containing commercial liability coverage commencing on October 1, 1987 and a fifteen per cent rate reduction commencing on October 1, 1988.

Your Committee has received testimonies from the Insurance Commissioner and the Hawaii Medical Association.

Your Committee notes that Act 2 of the First Special Session Laws of 1986 was enacted to address the issues of tort reform and the availability of liability insurance at reasonable rates. It required the commercial liability rate rollbacks for 1987 and 1988.

However, your Committee finds that exempting physician-owned non-profit insurers will ensure the availability of medical malpractice insurance in Hawaii. Accordingly, your Committee has amended the bill by adding "medical malpractice policies issued by mutual or reciprocal insurers" in page 2, lines 12 and 21 of the bill.

Your Committee has added a new provision requiring the mutual or reciprocal insurers to include in any rate filing, information and data on the expected impact of the tort reform implemented by Act 2. The Commissioner has expressed concerns regarding the availability of this information.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 565, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 565, S.D. 1, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Yoshimura.

SCRep. 1005 Consumer Protection and Commerce on S.B. No. 447

The purpose of this bill is to authorize any person seeking licensure under chapter 442, Hawaii Revised Statutes, to demonstrate to the Board of Chiropractic Examiners that the person received training in the use of physiotherapy 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 physiotherapy modalities without receiving approval by the Board and deletes the provision for a person seeking licensure to receive the necessary training from an accredited institution and to pass the physiotherapy portion of the National Board of Chiropractic Examiners' examination.

Your Committee finds that this bill will clarify Section 442-6, Hawaii Revised Statutes, by providing in subsection (c) the requirements for applicant seeking

licensure and by providing in subsection (d) the requirements for licensed persons in the use of physiotherapy modalities.

Your Committee has received testimony in support of the bill from the Board of Chiropractic Examiners, the Hawaii Chapter of the American Physical Therapy Association, and an interested physical therapist.

Your Committee has considered the testimony regarding the use of the generic term "physiotherapy modalities" and finds that the term may be misleading or confusing because certain techniques used by chiropractors are used also by physical therapists. Accordingly, your Committee has amended the bill by replacing the term with "physical modality".

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 447, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 447, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Peters, Yoshimura and Jones.

SCRep. 1006 Consumer Protection and Commerce on S.B. No. 24

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

Your Committee has received testimony from the Real Estate Commission, the Hawaii Association of Realtors, the Hawaii Independent Condominium and Cooperative Owners Association, Inc., the Real Property Section of the Hawaii State Bar Association, and other interested parties.

After considering all of the testimony presented, your Committee finds that certain provisions of the bylaws should be separated and given retrospective effect. Your Committee notes that these changes are basically procedural and not substantive.

1. Restored subparagraph (1)(F) under subsection (a) because your Committee believes this is a substantive change affecting the rights of minority apartment owners;

2. Removed "not less than" from page 12, line 3 of the bill for clarification purposes;

3. Provided that the proposed bylaws, rationale, and ballots for voting on any proposed bylaw shall be mailed by the Board of Directors to the owners at the expense of the association for vote without change within thirty days of the receipt of the petition by the Board of Directors.

4. Required a vote of at least sixty-five per cent to adopt the proposed bylaw provided that the vote must be obtained within sixty days after mailing. Your Committee has deleted the provision allowing automatic validation of a proposed bylaw of a volunteer apartment owners' committee if there is a failure to comply with certain requirements by the Board of Directors;

5. Required an adopted bylaw to be recorded in the Bureau of Conveyances or the Land Court in order to provide a limited check for legality, consistency, or conflict with other provisions of the bylaws;

6. Prohibited a volunteer apartment owners' committee from submitting a petition for a proposed bylaw which is substantially similar to another submitted within nine months but allowed any apartment owner or voluntary apartment owners' committee from proposing any bylaw amendment at any annual association meeting;

7. Deleted the notice requirement of at least fourteen days prior to the annual Board meeting because this requirement is an unnecessary expense;

8. Deleted the requirement of compliance by January 1, 1988, but provided

that the provisions in subsection (b) shall be deemed incorporated into the bylaws of all condominium projects existing as of January 1, 1988 and all condominium projects created after that date. Your Committee believes that requiring projects to comply with this requirement through an affirmative action will cause undue hardship and confusion to many condominium projects.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 24, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 24, S.D. 1, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Peters, Yoshimura and Jones.

SCRep. 1007 Consumer Protection and Commerce on S.B. No. 986
(Majority)

The purpose of this bill, as received by your Committee, is to create a new chapter which establishes health insurance benefit for mental health, alcohol, and abuse treatment provided in licensed and accredited facilities.

Your Committee has received testimony from the Department of Health, health professionals, representatives from health insurance providers, and other concerned individuals.

The present provision of third-party coverage for the treatment of alcoholism, drug abuse, and mental illness is varied and inconsistent. Your Committee finds that this measure constitutes an effective, responsible, and humane social policy and is consistent with legislative efforts to provide for the public health. Passage of this bill is consistent with the view that these illnesses are diseases and should be treated as such.

However, your Committee has amended the bill as follows:

1. Provided a new definition for "day treatment services" to clarify the services in alcohol dependency outpatient services and drug dependency outpatient services;

2. Changed "nonhospital resident services" to "nonhospital residential services" for consistency with usage elsewhere in the bill as well as other terms for consistency and clarify;

3. Included in the definition of "mental disorder" other definitions identified in the most recent publications of the Diagnostic and Statistical Manual of the American Psychiatric Association or International Classification of Diseases and deleted the same reference from the provision on mental illness benefits in page 9, lines 14 to 17 of the bill;

4. Removed the requirement that substance abuse services must be periodically reviewed by the treatment team in page 6, lines 10 and 11 of the bill;

5. Required covered benefit to be limited to those services certified as medically or psychologically necessary by the insurance carrier's licensed physician or licensed psychologist;

6. Changed the provision on alcohol and drug dependence benefits by including appropriate substance abuse services with room and board, by deleting the requirement of referring the person for appropriate treatment, by providing that additional treatment shall be determined by an approved plan and by clarifying special therapies as occupational therapy, recreational therapy, and vocational rehabilitation;

7. Established one thousand hours per year as the minimum level for alcohol and drug dependence benefits and provided that the insurance policy may limit the number of treatment plans but may not limit the number of less than two treatment plans per adult life;

8. Changed the provision on mental illness benefits by providing that all mental health services shall be provided under an individualized treatment plan approved and monitored by a licensed physician or psychologist and by limiting

mental health partial hospitalization to a minimum total of five hundred hours and mental health outpatient services to twenty-five hours;

9. Provided that the Insurance Commissioner shall consult the Director of Health and adopt necessary rules, which shall include criteria and guidelines in determining the appropriateness and medical necessity of services;

10. Made technical, nonsubstantive corrections and provided new language for clarification purposes only.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 986, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 986, S.D. 2, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Peters, Yoshimura and Jones.
(Representatives Bellinger and Hemmings did not concur.)

SCRep. 1008 Consumer Protection and Commerce on S.B. No. 815

The purpose of this bill is to create a new chapter which establishes the procedures and requirements for a report assessing the social and financial impact of every legislative proposal to mandate health insurance coverage.

Through the years, health care providers and other proponent have introduced an increasing number of legislative proposals to mandate coverage of their specific service in a health insurance or health plan contract. This bill will provide a systematic review of proposed mandatory health coverages, which will evaluate the ramifications of the proposed legislation and will assist legislators in determining whether mandating coverage of a particular health service is in the public's best interest.

Your Committee has received testimony from the Insurance Commissioner, the Department of Health, the Hawaii Psychological Association, the Hawaii Society of Naturopathic Physicians, Healthcare Association of Hawaii, the Hawaii Medical Service Association, Kaiser Permanente Medical Care Program, and other interested parties.

Your Committee has amended the bill as follows:

1. Required the Legislative Auditor to conduct the report pursuant to the introduction of concurrent resolutions because of the concerns that requiring the report to be prepared by an independent party may discourage otherwise valid requests from being submitted because of lack of funds to prepare a report;

2. Clarified that mandated health insurance coverage shall not include mandated optionals. Your Committee does not wish to interfere with the offering of optional coverages, such as those negotiated by labor unions or other optional coverages even if mandated;

3. Required to be included in the report the impact of indirect cost, which are costs other than premiums and administrative costs, and how it impacts the total cost of coverage. Your Committee's intent is to flag out those indirect costs, such as loss of productive work time and increased future medical costs if the proposed coverage is not mandated;

4. Deleted the purpose clause of the chapter as unnecessary and made technical, nonsubstantive corrections to the bill.

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

Signed by all members of the Committee except Representatives Peters, Yoshimura and Jones.

SCRep. 1009 Health on S.B. No. 749

The purpose of this bill is to revise and strengthen the current health planning law in Hawaii. Specifically this bill will:

1. Remove those parts of the law which are no longer appropriate or pertinent to Hawaii since the repeal of federal health planning legislation.
2. Reform the Certificate of Need process by raising thresholds, exempting some providers currently covered, and allowing administrative action on many proposals which now must go through the full review process.
3. Exempt dental clinics from certificate of need requirements.
4. Eliminate the exemption from the certificate of need requirements currently in place for health maintenance organizations.
5. Authorize the State agency to conduct activities that it deems appropriate to carry out the purposes of the law.

Your Committee received testimony against this bill from the Hawaii Medical Association. The Department of Health, Healthcare Association of Hawaii, and others supported the intent of the bill to streamline the CON process, with amendments and the State Health Planning and Development Agency offered a set of proposed revisions to address problems identified in earlier hearings.

Your Committee finds that the State health planning process has many critics of its past operations, as well as those who philosophically oppose State interference in the private marketplace. There are many others however, including those in the health market, who believe strongly that the State health planning agency can play a positive role and can continue to make a valuable contribution to the health status of Hawaii's population.

Your Committee has made the following changes to the bill:

(1) Section 1. was changed to include provisions for the State Health Planning and Development Agency (SHPDA) to collect appropriate financial and statistical data from insurance companies doing business in Hawaii and that rules shall be adopted to ensure the information concerning recipients of care or insurance or both, shall be confidential.

(2) A section was added to provide for administrative review of certain certificates of need, a waiver process for the subarea council, review panel and the statewide council on their review of CON applications, and that rules will be adopted for monitoring recipients of CONs granted by the agency.

(3) The purpose of the health planning chapter was changed to include the promotion of equal access to quality health care services at reasonable cost.

(4) The expenditure minimums have been changed to read \$3,000,000 for capital expenditures and \$400,000 for new and replacement of medical equipment.

(5) The definition of "organized ambulatory health care facility" was changed to eliminate dental and optometric clinics and include "non-bed services" as defined under the agency's rules.

(6) Two new functions were added to the responsibilities of SHPDA which are to prepare an annual report on Hawaii's health care costs to include, but not be limited to, a review of health insurance in the State and second, to prepare reports and studies on the emerging health issues in Hawaii.

(7) To change the status of the Veterans Administration representative on the statewide council from a non-voting to voting member.

(8) The section defining the conflict of interest for members of the statewide council was deleted.

(9) Criteria for consideration of a Certificate of Need was expanded to include need, cost, quality, accessibility, availability and acceptability under Section 323D-43.

(10) Section 323D-45.2 on the special criteria for applications from health maintenance organizations is repealed.

(11) A "reconsideration committee" is established under Section 323D-47 to oversee requests for reconsideration of CON decisions.

(12) Paragraph (b), Section 323D-54 on the criteria to be established for exemption of certain actions for review has been deleted to conform with other amendments being offered.

(13) The effective date of the Act has been changed from on approval to July 1, 1987.

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

Signed by all members of the Committee.

SCRep. 1010 Health on S.B. No. 619

The purpose of this bill is to establish a board certification process for all private firms engaged in cesspool pumping.

Currently only those individuals who operate wastewater treatment plants are required to be certified by the board. This bill includes cesspool pumping firms in order to give the Department of Health more control over those firms engaged in illegal dumping activities and other problems.

The Department of Health and the Building Industry Association of Hawaii testified in support of this bill and offered suggestions on ways to strengthen the measure.

Your Committee has amended the bill to include in the certification chapter the provision that this certification shall be required for licensing by the Department of Health. In addition, a new section was added to include in the definitions under Chapter 342-51, Hawaii Revised Statutes, Solid Waste Pollution, the definition of "Individual wastewater system" and "waste from individual wastewater systems and portable toilets" under the "Solid waste" definition.

Your Committee on Health is in accord with the intent and purpose of S.B. No. 619, S.D.1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 619, S.D.1, H.D.1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1011 Health on S.B. No. 1126

The purpose of this bill is to require the marriage license agents of the Department of Health to furnish information on fetal alcohol and drug syndromes, as well as information regarding AIDS and the availability of anonymous testing for HIV infection to marriage license applicants.

Your Committee received testimony in support of this bill from the Department of Health, the Hawaii Medical Association and the Life Foundation of Hawaii who also suggested that references to this information being provided based on the availability of funds be deleted.

Your Committee believes that having both the fetal alcohol and AIDS information being made available to marriage license applicants is a needed supplement to the other health promotion and education efforts of the Department of Health.

The representative from the department reported that it would not be a significant problem to provide this information from the funds already available. Your Committee has therefore amended the bill by deleting the phrase "and provided further that sufficient resources are available for such purposes".

Your Committee on Health is in accord with the intent and purpose of S.B. 1126, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1126, S.D. 1, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1012 Education on S.B. No. 915

The purpose of this bill is to establish a simple and fair process by which schools may admit students who reside outside their service areas.

Your Committee finds that a simple and fair process already exists. Testimony from the Department of Education (Department) indicated that present rules allow attendance at a school in a school district other than the district in which the student resides, with the welfare of the student as a major consideration. As of September 24, 1986, 10,065 district exemptions were granted by the Department for the current school year.

However, a more significant problem in regard to school attendance is that kindergarten is not mandatory. As a result, hundreds of children who could be learning substantive academic skills at age five are not being given that opportunity. Some of these children experience difficulty keeping up with their peers in first grade.

This bill has been amended to require the Department to establish kindergarten classes as part of the public school system and to require the attendance of children who reach the age of five before September 1 of the school year. Those children who reach the age of five between September 1 and December 31 would be permitted to attend kindergarten. This measure is not intended to be applicable to children who attain the age of six years on or before the end of the 1988-1989 school year in order to provide the Department and affected parents sufficient time to accomplish the purposes of this bill.

Your Committee on Education is in accord with the intent and purpose of S.B. No. 915, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 915, S.D. 1, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Hashimoto.

SCRep. 1013 Human Services on S.B. No. 957

The purpose of this bill, as received by your Committee, is to authorize home detention as a discretionary condition of probation.

Your Committee previously heard testimony in support of H.B. No. 1384, the companion bill to S.B. No. 957, which indicated that in the past year, the Hawaii Paroling Authority utilized home detention as a condition of parole for certain types of offenders. These included those who were young and immature with good family support, and those who have been imprisoned for relatively long periods of time and have not had the opportunity for furlough or half-way house community programming. Under normal circumstances, the home detention condition extends from three to six months and permits parolees to be away from their homes only to work, to attend required programs, or to seek treatment for medical emergencies. Upon successful completion of the home detention period, this condition is generally released or removed.

Your Committee feels that an alternative to imprisonment which is more restrictive than existing forms of probation or parole, yet short of incarceration in a correctional facility, is needed.

Your Committee heard testimony from the Judiciary of the State of Hawaii and the John Howard Association of Hawaii in connection with this bill and has adopted the recommendation of the John Howard Association of Hawaii to substitute the statutory language of H.B. No. 1384, H.D. 1 for the language in this bill.

The amendments to Section 353-65, HRS, allow the Hawaii Paroling Authority to

utilize home detention as an alternative to parole, the amendments to Section 353-66, HRS, are technical, nonsubstantive, and are made for the purpose of clarity, and the proposed new subsection 706-624(2)(p), has been reworded for clarity and to include the phrase, "or as may be granted by the person's probation officer pursuant to court order."

Your Committee on Human Services is in accord with the intent and purpose of S.B. No. 957, S.D.1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 957, S.D.1, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1014 Higher Education and the Arts on S.B. No. 774

The purpose of this bill is to mandate the University of Hawaii to grant scholarships, in lieu of tuition waivers, to graduate students who teach, conduct laboratory sessions, or perform any other type of instructional or research work for the University.

Your Committee received testimony from the Dean of University of Hawaii's Graduate Division, the Graduate Student Organization, a Professor and the Director of the Hawaii Institute of Geophysics, and the University of Hawaii Professional Assembly in support of this bill. Your Committee finds that Graduate Assistants, which encompasses all teaching and research assistants, are of invaluable service to the University by providing instruction, and assisting and collaborating on research. The Graduate Student Organization stated that under new tax reform laws, tuition waivers would be included as taxable income in the future, and would result in an additional tax liability which would create further hardship for graduate students.

While in agreement with the intent of the bill, your Committee believes that the phrase ", in lieu of tuition waivers," (page 1, lines 5-6) may be confusing, therefore, the bill has been amended by deleting this phrase. The amendment would clarify that the University of Hawaii will be awarding these graduate students their tuition and other fees in the form of a scholarship rather than the present tuition waiver.

Your Committee on Higher Education and the Arts is in accord with the intent and purpose of S.B. No. 774, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. 774, S.D. 1, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Bunda, Hashimoto, Honda, Lee, Tom and Ribellia.

SCRep. 1015 Transportation on S.B. No. 590

The purpose of this bill is to allow the County Directors of Finance to dispose of license plates for stored vehicles whose registrations have been expired for more than one year. In addition, the owner of a stored vehicle for which license plates have been disposed of as provided, would be required to purchase new license plates and emblems when the vehicle is removed from storage.

The Department of Finance of the City and County of Honolulu submitted testimony in favor of this bill, which indicated that vehicles kept in storage for periods longer than one year are rarely removed. Furthermore, it was noted that since the 1981 license plate issuance year, the Division of Motor Vehicles and Licensing of the City and County of Honolulu has accumulated 7000 sets of plates, and it is anticipated that a similar number of license plates will be surrendered before there is a new license plate issuance. This situation has led to storage space problems, which will continue to increase in severity as more license plates are surrendered for storage.

Your Committee has made a technical, nonsubstantive amendment to correct a drafting error.

Your Committee on Transportation is in accord with the intent and purpose of S.B. No. 590, S.D. 1, as amended herein, and recommends that it pass Second

Reading in the form attached hereto as S.B. No. 590, S.D. 1, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1016 Transportation on S.B. No. 589

The purpose of this bill is to provide an additional standard by which an inoperable vehicle shall be determined to be a derelict.

Current statutes define a derelict vehicle as being inoperable due to the removal of major component parts. Consequently, vehicles which have been rendered inoperable due to material damage from an accident or vandalism, and which are not missing a major part, are not included under this definition.

Your Committee finds that the expansion of the definition would provide the counties with more discretion to determine if a vehicle is a derelict and to subsequently remove those vehicles from public streets and property.

Your Committee has made a technical, nonsubstantive amendment to correct a drafting error.

Your Committee on Transportation is in accord with the intent and purpose of S.B. No. 589, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 589, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1017 Transportation 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.

At the present time, there is uncertainty regarding the exact point in time when the responsibility for any liability incurred passes from the seller to the purchaser of a motor vehicle. Your Committee finds that it is in the best interest of the public's health and safety to resolve this issue, to the extent possible, by setting specific statutory requirements which would specify the exact point in time when a seller of a motor vehicle would be relieved from any civil or criminal liability.

Your Committee has amended this bill to further clarify the conditions which constitute a legal transfer of possession of a motor vehicle, as it relates to the transfer of responsibility for any liability incurred, by adding a new subsection to Section 286-52, Hawaii Revised Statutes, which specifies that if the seller of a motor vehicle has given possession of the motor vehicle to the purchaser under contract of sale, and the purchaser has provided the seller with proof of insurance on the motor vehicle, then, even if the transfer of title has not been registered by the appropriate county, the seller shall be relieved from any civil or criminal liability from the date the possession of the motor vehicle is transferred. In addition, for purposes of consistency, your Committee has deleted from the bill the proposed amendments to Section 286-52(k), HRS, as the intent is included in the subsection previously described.

Your Committee has further amended this bill by making other technical, non-substantive amendments for purposes of clarity, consistency, and conformance to the Ramseyer drafting techniques.

Your Committee on Transportation is in accord with the intent and purpose of S.B. No. 241, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 241, S.D. 1, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1018 Transportation on S.B. No. 456

The purpose of this bill is to establish a separate category of ocean vessels, known as "thrill craft", to allow the Department of Transportation to adopt rules for the use and operation of these vessels. This bill also requires that operators of these vessels be at least 15 years of age. Furthermore, this bill amends an existing definition to provide that damage to a vessel or other property in excess of \$200, rather \$100, would constitute a "boating accident."

Complaints about the operation of jet skis and similar "thrill craft" have been increasing over the years. The Department of Transportation, however, has been hampered in its enforcement and control efforts due to the current classification of these vessels as motor boats. Without a separate classification for jet skis and other "thrill craft", rules and regulations restricting the operation, and the areas permitted for operation, of these vessels cannot be established.

Your Committee finds that the recent death caused by a six-year-old jet ski operator indicates the critical need for legislation to facilitate the establishment and enforcement of rules and regulations, including a minimum age requirement for operators.

Your Committee amended this bill by deleting Section 3, which proposed only nonsubstantive "housekeeping" amendments to Section 267-4, Hawaii Revised Statutes, for purposes of consistency.

In addition, your Committee made other technical, nonsubstantive amendments to correct drafting errors and for the purposes of style and consistency.

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

Signed by all members of the Committee.

SCRep. 1019 Transportation on S.B. No. 584

The purpose of this bill is to clarify the use of permanent dealer license plates by deleting existing statutory language which allowed the use of these plates on any new vehicle operated by the dealer "exclusively for the purposes of the dealer's business". In addition, this bill removes the provisions of "general distinguishing" and "symbol" plates, making permanent number plates mandatory, and also adds a definition for "new motor vehicles".

Present statutes have been challenged in court by several new motor vehicle dealers who have received citations for attaching the permanent dealer license plates to new vehicles utilized by management and certain sales personnel. In several instances, the court dismissed the citations because the statutes were deemed as being ambiguous. One court ruled that the statute seemed to indicate that the dealers were authorized to place these permanent dealer license plates on any new vehicle which is operated "exclusively for the purpose of the dealer's business".

Your Committee finds that clarification is needed since the purpose of the permanent dealer plates is for new motor vehicle demonstrators, and not to exempt from taxes and fees all motor vehicles used by a vehicle dealership for the conduct of their business.

Your Committee made a technical, nonsubstantive amendment to correct an apparent drafting error.

Your Committee on Transportation is in accord with the intent and purpose of S.B. No. 584, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 584, S.D. 1, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1020 Water, Land Use, Development and Hawaiian Affairs on S.B.
 No. 242

The purpose of this bill is to require public lands sold to a State agency or county for housing purposes be sold at a price determined by the use of the land immediately prior to the sale.

Your Committee has amended this bill by deleting the substance and inserting therefore new material the purpose of which is to make possible the disposition of certain water rights with prior approval of the Governor and prior authorization of the Legislature by concurrent resolution.

Present statutes provide for the disposition of water rights subject to disapproval by the Legislature or by two-thirds vote of either the Senate or the House of Representatives in any regular or special session next following the dates of such disposition. Your Committee finds that the provision for legislative disapproval of leases which the Board of Land and Natural Resources (Board) issues for State mineral and water rights can be problematic for certain water uses such as hydropower generation which require a predictable project future in order to justify a large expenditure of capital. The bill, therefore, intends to allow the Board to obtain prior approval of the Governor and prior authorization of the Legislature for projects which will use water in non-polluting ways, for non-consumptive purposes.

Your Committee on Water, Land Use, Development and Hawaiian Affairs is in accord with the intent and purpose of S.B. No. 242, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 242, S.D. 1, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Hashimoto, Kanohe and Lee.

SCRep. 1021 Water, Land Use, Development and Hawaiian Affairs on S.B.
 No. 1325

The purpose of this bill is to allow the Board of Land and Natural Resources, after holding a public hearing, to renegotiate a restriction or specific use or uses contained in a lease for commercial, hotel, resort, or industrial use of public land.

The Board of Land and Natural Resources currently has authority to amend the specific use of a commercial or industrial lease to another or additional specific commercial or industrial use.

Your Committee finds that one of the State's objective is to promote proper public land management in order to maintain and enhance the quality of existing and future hotels and resort destination areas and to encourage greater cooperation between the public and private sectors in developing and maintaining well-designed and adequately serviced visitor destination sites. Your Committee also recognizes possible situations where the Land Board should have the flexibility in managing its public lands to meet changing times and conditions in the community.

Upon further consideration, your Committee has amended the bill by providing that:

- (1) The lease in question must have been in effect for twenty years or more;
- (2) Not less than two thirds of the members of the Board must find that the amended use or uses or restriction is in the public interest; and
- (3) The amendments in this bill are repealed on July 1, 1988 and Section 171-41.5, Hawaii Revised Statutes, is reenacted in the form in which it read prior to such amendments.

Other amendments were made for purposes of clarity and consistency.

Your Committee on Water, Land Use, Development and Hawaiian Affairs is in accord with the intent and purpose of S.B. No. 1325, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1325, S.D. 1, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Hashimoto, Kanoho and Lee.

SCRep. 1022 Water, Land Use, Development and Hawaiian Affairs and
Planning, Energy and Environmental Protection on S.B. No.
934

The purpose of this bill is to remove the provision which repeals Act 237 on June 30, 1987, thereby making the "consolidated application process" a permanent permit facilitation program.

The simplification and streamlining of permit processes have been long-standing objectives of government and the public. Your Committees find that this program offers substantial benefits to both applicants and permit administering agencies. An applicant benefits most from a consolidated application process at the conceptual stage of a contemplated project. Through the consolidated pre-application review, the applicant obtains an early indication of the relevant permit-issuing agencies' potential concerns and a better grasp of the needed information to address these concerns.

Your Committees further find that the consolidated application process provides important information for an early assessment of the project's feasibility and saves time and money.

Your Committees have amended the bill to correct certain typographic, technical, and drafting errors; no substantive changes were made.

Your Committees on Water, Land Use, Development and Hawaiian Affairs and Planning, Energy, and Environmental Protection are in accord with the intent and purpose of S.B. No. 934, S.D. 1, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 934, S.D. 1, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committees except Representatives Hashimoto, Kanoho and Lee.

SCRep. 1023 Labor and Public Employment and Human Services on S.B.
No. 1218

The purpose of this bill is to provide for the inclusion of provisions in contracts entered into for the procurement of instruction materials, which would allow for the transcription of such materials for use by handicapped students, including the visually handicapped. The bill would also provide the right to make corrections, revisions, and other modifications to the materials as necessary.

Under current copyright law, printed material may be transcribed for use by one person. In order to allow others to use prepared materials, agencies must request permission from the publisher. According to certain individuals presenting testimony, this process is difficult, time consuming, and results in the destruction of materials if permission is not secured.

Your Committees received testimony from the Department of Education, the Library for the Blind and Physically Handicapped, and the Aloha Council of the Blind and Visually Impaired in favor of this bill. The DOE testified that similar statutes providing the right of a state to transcribe materials for students unable to use conventional materials have been passed in other jurisdictions and are working well.

Your Committees have made technical, non-substantive amendments to the bill for purposes of style and clarity.

Your Committees on Labor and Public Employment and Human Services are in accord with the intent and purpose of S.B. No. 1218, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 1218, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committees except Representative Horita.

SCRep. 1024 Labor and Public Employment on S.B. No. 1399

The purpose of this bill is to ensure that workers engaged on public works projects are paid the prevailing wage which includes fringe benefits.

Currently, the law requires that employees on public works projects be paid hourly rates equal to one and one-half times the basic hourly rates for work on weekends, holidays, or for more than eight hours per day of a forty hour week. Fringe benefits are sometimes excluded by employers from the computation of overtime wages. However, under collective bargaining contracts and on federal projects, fringe benefits are included in the computation of overtime wages.

This bill conforms Hawaii's law, sometimes called the "Little Davis-Bacon Act" to the federal Davis-Bacon Act and to prevailing practices in the construction industry and under collective bargaining contracts.

Your Committee, having reviewed and carefully considered the testimony presented, has amended the bill by replacing the contents of the bill with the contents of H.B. No. 1589 relating to the same subject matter. The bill, as amended, will require an employer to pay one and one-half times the basic hourly rate of pay for overtime work. In addition the employee working overtime will also be entitled to receive the cost of fringe benefits based on the employee's regular basic hourly rate of pay.

Your Committee on Labor and Public Employment is in accord with the intent and purpose of S.B. No. 1399, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1399, S.D. 1, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Horita, Ihara and Jones.

SCRep. 1025 Labor and Public Employment on S.B. No. 1174

The purpose of this bill is to strengthen the enforcement of chapter 104, relating to wages and hours of employees on public works projects by requiring a governmental agency to monitor payrolls submitted by the general contractors and to report to the Director of Labor and Industrial Relations any detected or suspected violations of Section 104-2, which requires contractors on public works projects to pay prevailing wages.

The bill provides that the applicable governmental agency must monitor payrolls submitted by general contractors and must report underpayment of wages or other violation of wage payments to the Director of Labor and Industrial Relations.

Your Committee received testimony on the bill and finds that there is a need to improve the enforcement of Chapter 104, popularly known as the Little DavisBacon Act, to assure compliance with the substantive protections afforded employees working on public works projects. Your Committee believes that civil remedies and injunctive relief are appropriate means to enforce the provisions of the Act. Accordingly, your Committee has amended the bill by providing a new section on employee enforcement to authorize employees to file claims for under payment of wages and to recover twice the amount of their compensation and other benefits.

Your Committee also amended the bill by requiring job site inspectors of the applicable governmental contracting agencies to monitor payroll records and to report any detected or suspected violations of the Act to the Director of Labor and Industrial Relations. The Director is required to investigate all complaints with first priority given to complaints involving wage/hour violations.

Your Committee on Labor and Public Employment is in accord with the intent and purpose of S.B. No. 1174, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1174, S.D. 1, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Horita, Ihara and Jones.

SCRep. 1026 Labor and Public Employment on S.B. No. 183 (Majority)

The purpose of this bill is to deter workers' compensation fraud cases by increasing the maximum fine from \$2,500 to \$5,000 for each false statement or representation, wilfully made by an employee to collect workers' compensation benefits, or made by an employer or carrier to avoid paying workers' compensation benefits.

The intent to deter or eliminate fraud in the workers' compensation process is supported by all those that testified at the hearing. The increased penalties should present a greater deterrence to fraudulent claims and fraudulent avoidance of claims.

Your Committee having reviewed and carefully considered the testimony presented, amended the bill by including an amendment to provide that the weekly benefit amount for a permanent partial disability shall be equal to the effective maximum weekly benefit rate.

Your Committee believes that as to the benefits for a permanent partial disability, identical or similar disabilities should be similarly compensated under workers' compensation.

Your Committee on Labor and Public Employment is in accord with the intent and purpose of S.B. No. 183, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No 183, S.D. 1, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Horita and Jones.
(Representatives Bellinger, Cachola and Marumoto did not concur.)

SCRep. 1027 Judiciary on S.B. No. 767 (Majority)

The purpose of this bill is to require the selection of the administrative director of the courts from the various judges comprising the appellate and circuit courts, or any attorney with at least ten years of practice. District court judges, however are not part of this bill.

Currently, there are no specific minimum qualifications for the position of Administrative Director of the Courts. Your Committee feels that notwithstanding the very credible job the current Administrator has done, the Judiciary as an institution may benefit in the long term from the establishment of a minimum qualifications for the position of Administrative Director of the Courts.

Accordingly, your Committee has amended the bill to require that the administrative director be recruited from among the judges of either the Supreme Court, the Intermediate Court of Appeals, or the Circuit Court only and deleted the other alternative job qualifications for the position contained in the Senate draft. These amendments bring the bill into conformity with the recommendations contained in the Executive Summary of the report of the Consultants to the Hawaii Commission on Judicial Administration, dated March 20, 1986.

Your Committee expects that the person selected for the position of Administrative Director of the Courts be experienced and capable in performing administrative duties and strongly motivated to discharge them.

Your Committee also inserted a new Section 2 which states that the position of administrative director shall be filled on or before July 1, 1988. The section also clarifies the status of the current administrative director pending a new appointment.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 767, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 767, S.D. 1, H.D. 1, and be placed on the calendar for Third Reading.

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

SCRep. 1028 Judiciary 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.

The Senate Committee on Judiciary received testimony from Family Court, First Circuit, and from the Department of Social Services and Housing, both having no objection to the intent of the bill. The Family Court, however, stated that the proposed language is ambiguous as the term "parent" may be confused with "biological parent". Accordingly, the Senate Committee added the term "adoptive" to define "parents" and "parent" in the proposed language.

Your Committee also received testimony supporting the bill from the Department of Health and the Family Court Section of the Judiciary.

The Department of Health proposed a further amendment to the bill to allow the adoptive parents to give the child any name they choose. This conforms to Federal Judge Samuel King's decision in *Jech v. Burch*, 466 F.Supp. 714, (D. Haw. 1979), "that parents have a constitutionally protected right to give their children any name of their choosing."

Your Committee has amended the bill to conform to the recommendation of the Department of Health. Your Committee further changed the verb tense of the section from passive to active.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 97, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 97, S.D. 1, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Jones.

SCRep. 1029 Judiciary on S.B. No. 107

The purpose of this bill is to propose an amendment to Article I, Section XIII of the Constitution of the State of Hawaii, to change the jurisdictional amount for jury trials in civil cases.

As originally drafted, the proposed constitutional amendment would allow the legislature to determine the amount at which the right of trial by jury shall be preserved. The Senate Committee on Judiciary amended the bill to provide a specific dollar amount (\$5,000) rather than to give the legislature the flexibility to change the amount without approval by the electorate. Your Committee concurs with this amendment and believes that the right to trial by jury, as guaranteed in the Constitution, is such that decisions on limitation of this right should be left to the electorate.

Your Committee received testimony in support of this bill from the Hawaii Academy of Plaintiffs' Attorneys.

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

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 107, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 107, S.D. 1, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Jones.

SCRep. 1030 Judiciary 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.

Your Committee received supporting testimony from the Department of the Prosecuting Attorney for the City and County of Honolulu, the Honolulu Police Department, Mother's Against Drunk Driving and many concerned citizens.

With the recent rash of car related-deaths, your Committee is mindful of the power and perils accompanying our favorite mode of transportation. With the right comes responsibility. In our efforts to enjoy life, we occasionally enjoy too much. One thing leads to another and eventually, we reach recklessness. One too many and our buggy transforms into a weapon. Hence the need for a reminder, a deterrent. A reminder that drinking and driving do not mix. A deterrent for those among us willing to test our wits and our conscience even if the price is another's physical or emotional life.

Your Committee amended this bill to create a new class of offense...negligent homicide caused by driving under the influence of liquor. The amendments make the offense a class C felony. For causing serious bodily injury with a motor vehicle while driving under the influence of intoxicating liquor, the offense is a misdemeanor. A first offense under the class C felony brings a mandatory sentence of (1) one year. A lesser offense brings a mandatory sentence of six (6) months. The usual jail/fine penalties are all applicable to these offenses. Additionally, if the sentencing court finds that there are strong mitigating factors, the court may adjust the minimum sentence upon the filing of a written decision.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 486, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No 486, S.D. 1, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1031 Judiciary on S.B. No. 769

The purpose of this bill is to improve the campaign spending law by tightening certain loopholes in the reporting requirements. At the same time this bill raises fundraising limits, excludes certain expenditures, and removes the limit to numbers of fundraisers and ticket prices.

Your Committee supports the provisions contained in S. B. 769, S.D. 1, regarding the treatment of loans, the registration of late-forming campaign committees, contribution limitations for non-candidate committees, the treatments of contributions by related persons, committees or corporations, record-keeping requirements for purchase of durable goods, and the higher limits allowed for candidates who agree to abide by voluntary spending limits. Your Committee also adopted a provision that would eliminate the requirement that committees report the occupation of each donor who has contributed over \$100.

The Senate amendments to the original bill provided that "loans" by candidates secured or guaranteed by third parties will be treated as contributions. Your Committee concurs with this amendment.

Common Cause testified in support of the above provisions but preferred the House Draft, HB No. 1154, H.D. 1. They also recommended deletion of the statutory proration requirement for mixed benefit expenditures and recommended the use of rules to control the reporting.

Your Committee therefore amended the bill as follows:

1. Deletion of the strict proration requirement for mixed-benefit campaign expenditures, and substitution of the existing reporting requirements of the chapter;
2. Deletion of all references to "working" days and substituting "calendar" days. Unless otherwise indicated, any "day" reference should be counted by the calendar;
3. Deleting the repeal of, and therefore retaining the existing law limiting the number of fundraisers and ticket prices;
4. Deleting the restriction of fundraising expenditure exemptions from the campaign spending limit, and thereby retaining the existing statute permitting exemptions for direct costs of fundraisers or fund raising activities;
5. Deletion of language allowing candidates to exceed the expenditure limits, and on notice to other candidates, allowing other candidates to increase their

contributions up to the excess over the limit and increasing the matching public funds;

6. Deleting the repeal of, and therefore reinstating the 50-50 split of public matching funds for the primary and general elections for qualified candidates;

7. Deleting the reduction of the holding period for campaign records available to the public, thereby retaining the present five (5) year period.

Also, your Committee struck the provision that would change the basis of setting due dates of various reports from calendar days to working days.

Your Committee in Judiciary is in accord with the intent and purpose of H.B. No. 769, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 769, S.D. 1, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Cachola, Hiraki, Takamine, Yoshimura, Jones and Medeiros.

SCRep. 1032 Judiciary 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 received testimony from the Office of the Lieutenant Governor indicating that precincts experience shortages of eligible persons willing to work as precinct officials. This measure therefore broadens the age of eligibility for such positions. It is not, however, the intent of the office to allow the staffing of an entire precinct by minors, nor is it the intent to place minors in charge of precincts. The testimony indicated that regulations will be adopted which will prevent such occurrences.

Your Committee amended the bill to permit selection of the precinct officials by the Chief Clerk of each county. This change will allow the assignments by persons more in tune with the county party makeup, rather than by the chief election officer headquartered in Honolulu. The chief election officer, however, shall compile a statewide list of precinct officials and select the chairman of the precinct officials.

While in agreement with the intent of the bill to provide for sufficient staffing of precincts during elections, your Committee believes that a trial period for this experimental solution is in order. As such, your Committee amended the bill to repeal itself following the next general election.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 1142, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1142, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1033 Judiciary on S.B. No. 1202

The purpose of this bill is to broaden the application of Section 712-1200, HRS, relating to prostitution, by making it a crime for persons to either offer or accept an offer to engage in sexual conduct for a fee.

Your Committee amended the bill by deleting Sections 1 to 3 of the bill which would remove the words "in return" from Section 712-1200, which would make both parties chargeable under the present prostitution law.

Your Committee felt there were inherent problems in making the customer of a prostitute criminally liable. If both parties can be charged, no one person will come forward to provide evidence for conviction. Secondly, many "customers" are visitors who may well be unaware of local laws, therefore, no true deterrent would exist. Thirdly, the bill did not exclude police officers, who as undercover

officers bring most of the cases against prostitutes. These officers would be technically guilty under the law.

Your Committee agrees with the testimony of the Honolulu Police Department to raise the age in Section 712-1202, Promoting Prostitution in the First Degree, from less than fourteen to less than sixteen years, and amended the bill accordingly. This would act as a stronger deterrent to those who victimize minors and would be a positive step towards preventing the abuse of our children.

Your Committee also made certain technical, nonsubstantive amendments to correct drafting errors and to degender the language in the bill.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 1202, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1202, S.D. 1, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1034 Judiciary on S.B. No. 1201

The purpose of this bill is to make money laundering a criminal offense. The bill creates a class C felony for any person who conducts a transaction involving a monetary instrument of a value exceeding \$5,000, through a financial institution with the intent to promote a crime or knowing the monetary instrument is the proceed of a crime.

As originally drafted, this bill required record keeping and disclosure to authorities of all negotiable instrument transactions exceeding \$5,000 by all financial institutions. The bill also imposed a misdemeanor penalty for violation of its provisions. The Senate Committee on Judiciary, however, amended the bill by deletion of the reporting requirements and penalties. The Internal Revenue Service requires the reporting of all cash transactions exceeding \$5,000. The duplicate reporting was thus avoided by the Senate amendment.

Representatives from the Department of the Prosecuting Attorney and the Honolulu Police Department testified in support of the bill. The police recommended additional language to clarify the intent portion of the crime by inclusion of the words "conceal, disguise" and "concealment and disguising" in subsection (1) of the new Section 708- (1) of the Hawaii Revised Statutes.

Your Committee therefore amended this bill to conform to the recommendations noted above.

Your Committee also made certain technical, nonsubstantive amendments to correct drafting errors.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 1201, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1201, S.D. 1, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1035 Judiciary on S.B. No. 1472

The purpose of this bill is to allow trust beneficiaries and others to hold trustees personally liable for torts based on actions taken in the course of trust administration.

Currently, Hawaii law as interpreted by the courts does not allow the beneficiaries of a trust to sue trustees for torts committed in the course of the administration of trust estate. Yet, a third party is able to sue trustees for such torts.

Your Committee received testimony from the Hawaii Academy of Plaintiffs' Attorneys in support of S.B. No. 1472, S.D. 1.

Your Committee believes this anomaly resulting from judicial interpretation of Hawaii trust law should be corrected. It is especially appropriate because a

trustee acts in a fiduciary capacity as regards a beneficiary. Generally, fiduciaries are held to a higher standard of responsibility than are others. Thus, this bill is designed to rectify the current situation so that beneficiaries will have at least the same rights against trustees that third parties have. S.B. No. 1472, S.D. 1 merely amends the title of Section 560:7-306 by deleting the words "to third parties".

Your Committee made certain technical, nonsubstantive amendments to the bill to correct drafting errors.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 1472, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1472, S.D. 1, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1036 Judiciary on S.B. No. 797

The purpose of this bill is to make technical and grammatical changes to several sections of the Hawaii Penal Code. As changes are made to the Penal Code, it is necessary to bring other sections of the Hawaii Revised Statutes into conformity with these changes. The original bill amends the Hawaii Revised Statutes in the following ways:

(a) Section 706-610 to include the crimes of first and second degree murder and attempted murder as exceptions to crimes which if unspecified would be class C felonies;

(b) Section 707-741 to change sexual intercourse to sexual penetration to conform with the changes in definitions of sexual crimes;

(c) Section 351-32 conforms with current statutes the kinds of crimes for which victims are eligible for compensation;

(d) Section 708-831 makes the language of the statute gender neutral, and adds taking the equine species as one of the possible crimes of theft in the second degree;

(e) Section 710-1077 changes the language of the contempt of court offense to gender neutral language, and makes the disobeying or resisting the process or injunction of court a crime if it is knowingly done;

(f) Section 711-1100 changes the punctuation in the definition section to conform to other definition sections;

(g) Section 712-1213 makes the language gender neutral, removes reference to a section which has been repealed, and removes "word" or "words" as surplusage;

(h) Sections 712-1240 and 712-1242 includes dosage units as part of the definition of the crime of promoting a dangerous drug in the second degree;

(i) Section 712-1249.5 includes the words "of marijuana" in subsection (2) to correct the definition of the crime of commercial promotion of marijuana;

(j) Sections 712-1253 and 712-1255 to make technical amendments in the present statutes.

The Senate Committee on Judiciary believes these changes will clarify the present statutes and make it easier for persons to know what constitute crimes as well as make it possible to enforce these laws. Your Committee concurs with the Senate position.

Your Committee, however, amended this bill by deleting Sections 1 and 3 (paragraphs a and c herein above), which duplicate sections in other bills that passed from the House to the Senate: H.B. No. 3, H.D. 2, and S.B. No. 792, H.D. 1, respectively.

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

No. 797, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 797, S.D. 1, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1037 Judiciary on S.B. No. 1156

The purpose of this bill is to revise the definition of legitimation in State public health vital statistics, provide a procedure where the child's natural parents who marry each other can have an original certificate of birth issued for their child, and provide that both the natural father and natural mother have to sign and file with the Department of Health a written acknowledgement of paternity as one means of legitimating a child's birth.

This bill repeals subsections 1 through 4 under the definition for "Legitimation" in Section 338-1, HRS. As the statute is now written, it would preclude a married natural father who has not married the natural mother from acknowledging his parentage of a child for vital statistics purposes. The vital statistics act presently includes Section 338-21, HRS, which specifies the manner in which legitimation can be established for vital statistics purposes.

The bill also amends Section 338-21(c), HRS, to allow for the issuance an original certificate of birth if the natural parents marry each other. The bill also amends Section 338-21(a), HRS, to conform to the changes made in Section 584-4(a)(5), HRS.

The bill amends Section 584-4(a)(5), HRS, to provide that one means of legitimation will require both the natural father and the natural mother to acknowledge the paternity of the child. Both natural parents must sign a voluntary, written acknowledgement of paternity which is filed with the Department of Health. The other means of legitimizing a child through Section 584-4, HRS, have not been changed.

Your Committee received favorable testimony from the Department of Health (DOH). Your Committee adopted the recommendation of the DOH and amended the bill by adding a new subsection to Section 338-21, HRS, to reaffirm the power of the courts under Section 584-23, HRS. Your Committee also made certain technical, nonsubstantive amendments to conform to drafting style.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 1156, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1156, S.D. 1, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1038 Judiciary on S.B. No. 800

The purpose of this bill is to clarify current statutes relating to the conditions that may be imposed on criminal defendants while released on bail, recognizance or supervised release.

This bill clarifies Section 804-7.1, HRS, by adding specific conditions that a court may impose on a defendant to ensure the appearance of the person at all court hearings or to assure the safety of the community.

This bill also amends Sections 804-7.2 and 804-7.3, HRS, which provides the authority for apprehension and sanction of defendants who "wilfully" violate conditions of release. This bill deleted the term "wilfully" and replaced it with the term "intentionally." The amendment is basically for housekeeping purposes because although the terms are synonymous, the penal code provides specific definitions for an "intentional" state of mind.

The Senate Committee on Judiciary amended the original bill by adding certain mandatory general conditions of bail. The general conditions are that the person not commit any offenses, appear at all court hearings unless notified by his attorney that his appearance is not required and to remain in the State unless he obtains court approval to leave. These amendments are intended to provide

additional assurance that the person not avoid prosecution or pose a danger to the community.

The Senate Committee on Judiciary also amended the original bill by adding a new section to provide for stricter regulation of sureties. The purpose of this amendment is to establish certain requirements that would ensure that the surety is qualified to act in that capacity and to ensure the sufficiency of property that may be offered to secure the bail bond.

Finally, the Senate Committee on Judiciary amended the bill to provide a house-keeping measure which amends Section 804-3, HRS, as follows:

(a) Amends subsection (d) by deleting the "and" and inserting an "or", so that the court may deny bail if the defendant is unable to reasonably assure (1) his presence when required by the court, or (2) the safety of any person or community;

(b) Include murder or attempted murder in the first degree and murder or attempted murder in the second degree as a "serious crime."

Your Committee received testimony in support of the bill from the Department of the Prosecuting Attorney, City and County of Honolulu, and the Hawaii Association of Criminal Defense Lawyers. The Office of the Public Defender gave qualified support to the bill noting that some bail conditions had little relationship to the required findings of the grant or denial of bail.

The Hawaii Association of Criminal Defense lawyers raised a new issue that your committee adopted and placed into the bill. Section 804-4, HRS, relates to bail when a matter of right. Unfortunately, if a criminal defendant is imprisoned after conviction, the statute denies bail, even if his appeal appears meritorious. This dilemma results in jail time before the review by the courts. If successful, that time is lost forever with no recourse.

Your Committee has therefore amended this bill to include the federal standards for determining bail pending appeal. Thus so long as the community is safe, the defendant will remain in the jurisdiction, and the appeal is likely to succeed and not brought for delay, then release on bail is possible and up to the judge.

Your Committee also made certain technical, nonsubstantive amendments to the bill to correct drafting and typographical errors.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 800, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 800, S.D. 1, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1039 Judiciary on S.B. No. 67

The purpose of this bill is to promote tort reform by prohibiting the use of an ad damnum clause (statement of the damages claimed) in any tort claim. If enacted, this bill discourages use of civil damage claims by removing the often exaggerated dollar amounts from the prayer of the complaint, counterclaim, cross-claim, and third party claim.

The original bill provided a means by which a party to a suit may obtain the prohibited information and must provide like information within specified time periods.

The Senate Committee on Judiciary believed that prohibiting the ad damnum clause does not prejudice the party making the claim and may have some beneficial effect. The Senate Committee, however, believed that the provisions allowing the opposing party to request information on the nature and amount of the damages sought as well as the requirement to provide such information if not requested are unnecessary as those provisions are already in the Hawaii Rules of Civil Procedure or Rules of Court. The Senate Committee on Judiciary therefore amended the original bill by deleting subsections (b) and (c) from the proposed Section 663, HRS. The renumbered subsection (d) thus appears as §663-(b) in this bill.

Your Committee received testimony in support of S.B. No. 67, S.D. 1, from the Hawaii Insurers Council.

Your Committee concurs with the amendments made by the Senate Committee on Judiciary, and has further amended the bill to provide for the inclusion of third party claims under Chapter 663, HRS. Your Committee also amended this bill to correct technical drafting errors.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 67, S.D. 1, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 67, S.D. 1, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1040 Judiciary 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 are suspected of having diseases or conditions transmittable by blood or blood products, including AIDS.

The Senate Committee on Judiciary received supporting testimony from the Director of Health, Hawaii Medical Association, and the Life Foundation, and found 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 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.

The Senate Committee amended the bill by providing that the Department of Health may disclose to any blood bank reports of persons who had, have, or are suspected of having diseases transmittable by blood.

Your Committee amended this bill to delete the word "suspected" from the disclosure language of the bill. This clarifies that the Department of Health can disclose records only if the patient actually had or has a blood transmitted disease.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 993, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 993, S.D. 1, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1041 Judiciary 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. The original bill allowed for imposition of a mandatory term regardless of whether or not the firearm is used as a threat, is loaded, or is operational.

The Senate Committee on Judiciary agreed that using or threatening to use a firearm during the commission of a felony, even if the firearm is unloaded or inoperable, is a more serious and dangerous crime than simply committing a felony. The Senate Committee, however, amended S.B. No. 847 to give the judge who sentences a first time 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 Honolulu Prosecuting Attorney, and the Honolulu Police Department testified in support of the bill. The Office of the Public Defender, however, opposed the mandatory term for the second offense.

Your Committee agrees with the Public Defender's office. Significantly, Section 706-606.5, HRS, relating to the sentencing of repeat offenders, allows for the mandatory prison term for the second firearm offense and judicial discretion in imposing the term. Your Committee therefore deleted the proposed amendments to Section 706-606.1(b), HRS, from the bill. This deletion repeals this portion of the statute.

Your Committee also reinserted the "and" between "possession" and "threatened" to return the statute to its present form. Your Committee felt that the mere possession of a firearm while committing numerous class C property crimes does not justify mandatory prison terms, even if discretionary.

Your Committee made certain technical, nonsubstantive amendments to the bill to correct drafting errors.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 847, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto S.B. No. 847, S.D. 1, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1042 Judiciary on S.B. No. 832

The purpose of this bill is to allow the service of process and order in civil matters to be made by any competent adult.

The current system of civil process service is exclusively handled by the Office of the Sheriff. Testimony was received from the Judiciary in support of trained process servers who are fully qualified and licensed by the State, who they feel will provide expeditious and efficient service of process for attorneys and citizens.

At the same time, cost savings would result because fewer clerical staff will be needed to service the serving deputies and none would be needed to account for the fees paid to serving officers. Your Committee finds that accounting for these fees presently requires detailed and extensive records management. Since the new system would eliminate the need for a supervising agency to collect and account for the fees paid for service of process, the Judiciary could assimilate the clerical positions freed as a result of this measure into other needed clerical functions within the Judiciary.

Your Committee further finds that this measure is consistent with the philosophy that government should not be performing those functions that could be performed as well or better by the private sector.

Your Committee therefore amended the bill to allow for private process servers who are licensed by the Supreme Court. There are certain risks however, as well as responsibilities associated with serving papers. Your Committee also requires therefore, that process servers be Deputy Sheriffs or be certified as having equivalent training and experience subject to training prescribed or required by the Supreme Court.

Your Committee amended Section 607-8, HRS, 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.

Finally, your Committee changed the effective date of the Act to July 1, 1987.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 832, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 832, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1043 Judiciary on S.B. No. 801

The purpose of this bill is to end uncertainty as to the enforceability of premarital agreements in the State of Hawaii, and bring Hawaii in line with the trend of authority across the nation regarding these agreements.

This bill provides for a premarital agreement if prospective spouses are contemplating marriage. The bill sets out proper subject matter for such an agreement, and the standards to protect prospective spouses. The bill also validates and makes enforceable agreements existing prior to the enactment of this Act. Couples in Hawaii as well as other states previously executed premarital agreements without the benefit of a premarital agreement statute.

Your Committee believes enforcement of such statutory premarital agreements will avoid protracted divorce litigation. Family litigation will be more predictable, thereby, encouraging earlier settlements. Prospective spouses, however, are not required to make premarital agreements. The choice remains to use the Family Court to determine all issues in a family dispute or divorce.

The Hawaii Women Lawyers, National Organization for Women, Hawaii State Commission on the Status of Women, Hawaii Nurses Association, Federally Employed Women, Uniform Laws Commission and C. Andrew Englehart, C.P.A. and attorney, all testified in support of this bill.

Your Committee amended this bill for clarity and style; no substantive changes were made.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 801, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 801, S.D. 1, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1044 Judiciary on S.B. No. 1068

The purpose of this bill is to prohibit officers or employees of the Judiciary from receiving additional compensation beyond their State pay for performance of their official duties.

Reports of Judiciary employees receiving extra compensation for service of process performed during working hours raised concerns with the Senate Committee on Judiciary. This double payment defies justification.

Your Committee received testimony from the Judiciary supporting the bill. Testimony from the State Ethics Commission, while praising the bill's intent, questioned the bill's necessity. Section 84-13, HRS, otherwise known as the Ethics Code, prohibits a State employee from engaging in private business activities such as process serving during State working hours. This bill thus duplicates existing law and is unnecessary.

At a subsequent hearing on reconsideration of this bill, your Committee raised the following issues to the proposed testifiers for their comments:

1. Does the Governor desire a personal security force for himself and other State officials that would also function as his chauffeurs and be assigned to the newly proposed "Department of Corrections?"
2. Is the Department of the Attorney General a proper agency with which to place the office of the Sheriff?

Your Committee received testimony from the Attorney General in support of items "1" but not "2". The office of the Sheriff clearly supported item 2. No person testified against any item, although the Attorney General indicated his department's goal of cutting back on the various boards and commissions they administer. It is the AG's opinion that this function distracts and hinders the improvement of their legal representation of the State.

Based on the forgoing, your Committee added new language to take the Governor's personal security force out of the Attorney General's office and place the program into a new section of the Department of Corrections, H.B. 5, S.D. 2, H.D. 2. The director of the proposed department shall appoint the Governor's security force at his pleasure.

As concerns the Capitol security (SLEO) program, your Committee also transferred this program to the Department of Corrections. This transfer is consistent with the Attorney General's belief that his department should do "lawyering" for the State. Further, the transfer of SLEO to the proposed Department of Corrections is consistent with the law enforcement and security function of the Department.

Finally, your Committee transferred the office of the Sheriff from the Judiciary to the Attorney General's office for "administrative purposes only". Your Committee clearly intends that the Sheriff's office run on its own with no change in its current operation, organization or physical location. The transfer, however, follows the recommendation of the blue ribbon citizens panel reviewing the Judiciary which found an inherent conflict in having a law enforcement function in the same office as the judicial function. This is especially true when a Sheriff appears before a judge.

As the transfer is only for one year, the interim will provide the time to study a proper department for the Sheriff. To place the Sheriff into a brand new department predominantly involved with "corrections" will only prolong the resolution of their problems.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. 1068, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. 1068, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Cachola, Hiraki, Takamine, Yoshimura, Jones and Medeiros.

SCRep. 1045 Judiciary on S.B. No. 576

The purpose of this bill is to require every legislator and all legislative employees to report the receipt of certain significant gifts.

The proposed law requires legislators and employees 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 include a description of each gift and the date of receipt, the value of each gift, the name and address of the person or business giving the gift ("donor"), and a description of the principal business activity of the donor. The bill excludes from the reporting requirement gifts received by inheritance, gifts from certain relatives, gifts returned within thirty days, and commercially reasonable loans.

Your Committee received favorable testimony on this bill from the chairperson of the State Ethics Commission. The Commission believes that the proposed law significantly complements the gifts section of the State Ethics Code, Section 84-11, HRS. This section prohibits legislators or employees from soliciting or accepting any gifts under circumstances that give rise to a reasonable inference that the donor of the gift intended the gift to influence the legislator or employee in the performance of official duties, or intended a reward for any official action. The Commission could also review the gifts disclosure statements to determine whether there have been any violations of Section 84-11.

The Commission also believes that the proposed law will deter the donation of large gifts to state employees or legislators. Such gifts will have to be reported and the reports will 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.

Your Committee amended the bill by increasing the minimum monetary value of a gift affected by this bill from \$100 to \$500. In short, your Committee finds the latter figure more appropriate to the above-stated purpose of the bill, namely, to require the disclosure of significant gifts.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 576, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 576, S.D. 1, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1046 Judiciary on S.B. No. 1458

The purpose of this bill is to amend Section 349C-3, HRS, to authorize any employee of the Department of Social Services and Housing (DSSH) to visit and communicate with the elderly person who is the subject of a report of elderly abuse or neglect. In addition, this bill provides that it is a misdemeanor to obstruct or interfere with the Department's access to or communication with the elderly person.

Your Committee heard testimony indicating that there have been numerous reports of instances in which suspected elderly abuse and neglect could not be confirmed or denied because workers were barred from seeing the alleged victim by family members or other persons. Your Committee believes that employees of the DSSH, who are legitimately engaged in an investigation of elderly abuse or neglect, should have the right of access to the person who is the subject of the report. Such access will enable the DSSH to properly carry out its investigation and will serve to protect vulnerable elderly persons of the community.

Your Committee is concerned, however, that there be an appropriate division of authority and responsibility based on the respective skills and training possessed by the police and DSSH employees. Therefore, it is the intent of your Committee that the police, not DSSH employees, have the power of forcible entry and that the DSSH employees' role shall be limited to investigating complaints of elderly abuse and neglect.

While in agreement with the intent of the bill as stated above, your Committee added an amendment to require that a person seeking to gain entry without a warrant must have a "reasonable suspicion of abuse or neglect" or an "obstruction or interference with the determination of the elderly person's welfare." This requirement would prevent abuse of the authority conferred by this bill.

Your Committee further amended the bill to provide that in order for a person to be found in violation of the statute, the person must "intentionally or knowingly" obstruct access to the alleged victim.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 1458, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1458, S.D. 1, H.D. 2.

Signed by all members of the Committee.

SCRep. 1047 Judiciary on S.B. No. 1446

The purpose of this bill is to enable advocates for the mentally ill to access medical records of their clients in order to come into compliance with the Protection and Advocacy for Mentally Ill Individuals Act of 1986, Public Law 99-319.

Public Law 99-319 is intended to ensure that the rights of mentally ill people are protected. This law designates the developmental disabilities protection and advocacy system of each state. The Protection and Advocacy Agency of Hawaii is the designated agency to carry out the provisions of the Act. The Agency requires access to client records, which this measure provides, subject to strict confidentiality.

Your Committee received supporting testimony from the Department of Health and the Protection and Advocacy Agency of Hawaii who recommended an amendment to the bill to clarify the language which defines facilities in Section 334-

5(4), HRS.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 1446, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1446, S.D. 1, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1048 Judiciary 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.

The Senate Committee on Judiciary reviewed the guidelines currently established and believes that the amendments were in order. The bill provides that: a) net earnings are considered in determining child support; b) the job and living expenses of both parents be considered; c) the support order be fair and reasonable; d) consideration be given to avoiding extreme changes in either parent's income depending upon whether the parent has custody or not; and e) incentives be provided for both parents to work to balance the standard of living of both parents.

The bill also provides that the guidelines be simple to avoid detailed calculations. Finally, the bill would limit support orders so that child support payments shall not exceed 10% to 15% of the obligor parent's net income for each of the first two children and 10% to 12% of the net income for each child thereafter.

Your Committee further amended the Senate draft as follows:

- (1) Include deductions for overtime and cost of living allowance (where appropriate) when determining net income;
- (2) Delete express consideration of job and living expenses;
- (3) Delete express "fair and reasonable" support order guideline;
- (4) Delete express avoidance of "extreme changes" in parents income when setting payment amount;
- (5) Delete the provision that the guidelines be simple and avoid detailed calculations since these calculations are necessary in determining the amount of support;
- (6) Delete the percentage allowable in support orders since a formula already exists which is workable and fair to both parents; and
- (7) Delete the provision to apply the amended guidelines to the collection of past due payments, since the Uniform Reciprocal Enforcement of Support Act clearly states that past due support is not retroactively modifiable except in certain defined situations.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 255, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 255, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1049 Judiciary on S.B. No. 268

The purpose of this bill is to allow the Governor, and with his authorization, the Director of Social Services and Housing, to consent to the transfer or exchange of offenders in accordance with the terms and treaties existing between the United States and foreign countries.

Your Committee received testimony from the Department of Social Services and Housing indicating that more than twenty-five states currently participate in this

international transfer program. This bill will enable the State of Hawaii to return foreign prisoners to their homelands to endure incarceration. The Department of Social Services and Housing noted that Hawaii's participation in the treaty will be at no cost to the State. The cost of transportation and escort for foreign prisoners will be borne by the affected foreign country.

While in agreement with the intent of S.B. No. 268, your Committee amended the bill by adding a new subsection to prevent the transfer of a foreign prisoner without his consent to a country not in good standing with Amnesty International. The organization relies on the Meikle John Civil Liberties Group annual report on human rights concerns to determine countries with substandard prisons.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 268, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 268, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1050 Judiciary on S.B. No. 575

The purpose of this bill is to amend the definition of "expenditure" under the State lobbying law to include that portion of an employee's salary or compensation paid to the employee for lobbying on behalf of a business, corporation, sole proprietorship, union, association, partnership, or other organization for which the employee works.

Under the present law, companies and organizations who have their employees lobby for them as part of the employees' job duties are not required to report as a lobbying expenditure that portion of an employee's salary that is compensation for lobbying services rendered. Expenditures for contracts with nonemployee lobbyists, however, are considered expenditures under the lobbying law and thus, are reportable.

Your Committee heard testimony in support of this measure from the State Ethics Commission and Common Cause/Hawaii.

Your Committee finds that it is inconsistent and inequitable to require the reporting of expenditures made by nonemployee lobbyists but not the reporting of employee lobbyist expenditures. Your Committee believes that this measure will provide more uniform disclosure and provide the public with more accurate information concerning the nature and extent of lobbying activities.

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

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 575, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 575, S.D. 1, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Cachola, Hiraki, Takamine, Yoshimura, Jones and Medeiros.

SCRep. 1051 Judiciary on S.B. No. 1007

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

This bill addresses the need to safeguard the disclosure of test information to parties other than the individual being tested. Informed verbal consent is necessary due to the serious nature of the HIV antibody test and its potential adverse or discriminatory ramifications.

Testimony in support of the bill was received from the Department of Health and the Life Foundation. The Life Foundation recommended that the consent to HIV testing be in writing except in those situations where testing is done anonymously. Your Committee amended the bill to reflect this concern. The bill was

further amended by providing an exception to requiring informed written consent, when the test is ordered by a third party such as an insurance company or an employer.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. 1007, S.D. 1, H.D.1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. 1007, S.D. 1, H.D. 2.

Signed by all members of the Committee.

SCRep. 1052 Judiciary 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, HRS, 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 this chapter.

This bill additionally requires that applicants for licenses to operate subject accommodations first secure a certificate from the appropriate county agency acknowledging inspection and compliance with codes, and stating the purpose and description.

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.

Finally, the bill provides for fines of between \$1,000 and \$5,000 per day per violation for the misdemeanor of operating an unlicensed facility, and for violation of any requirement set out in this chapter.

The Department of Health testified in support of the bill with a few recommended changes.

While in agreement with the above-stated intent, your Committee amended the bill to:

- (1) Specify daylight business hours to be between 8:00 a.m. and 5:00 p.m. to clarify the time period that warrants can be served.
- (2) Clarify the facilities and area subject to entries and administrative inspection without a warrant in situations presenting imminent danger to health or safety of the occupants or customers.
- (3) Clarify the inspection procedures to be added to chapter 445, HRS, by requiring that the designated persons wishing to conduct inspections of subject facilities be accompanied by a police officer, and have a "reasonable suspicion" that violation(s) of this chapter exist. A further amendment provides that to be in violation of the statute, a person must "intentionally or knowingly" obstruct such inspections. The penalty for the latter violation is a misdemeanor.
- (4) Defines "noisy or disorderly conduct" and "premises".
- (5) Decreases the maximum fine from \$5,000 to \$2,000 per day of violation for each violation.

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

Signed by all members of the Committee except Representatives Takamine, Hemmings and Jones.

SCRep. 1053 Judiciary on S.B. No. 350

The purpose of this bill is to protect the public health and welfare of the population by controlling smoking in the office workplace. This will require employers to adopt and maintain smoking policies that, if possible, will accommodate the preferences of both smokers and non-smokers.

More and more current information links potential health risks to the exposure of side stream, or secondhand smoking. These health hazards may range from simple irritation to the increased probability for serious cardiovascular disease and possible carcinogenic effects.

Your Committee received testimony from many of those who also testified at the earlier hearings of the smoking control bills. The primary emphasis from those who supported this legislation was that the provisions deleting the private sector from the bill should be changed and that there should be no distinction between full-time and part-time employees. Those in opposition to the bill hoped the private sector would continue to be left out of the regulation of smoking in the workplace. They felt that this would constitute an unnecessary intrusion of government into the private workplace.

Your Committee feels that this is an area where health promotion and disease prevention should take foremost consideration. This bill does not prevent individuals from smoking in general, only from exposing those others, in closed quarters and on a regular basis, who choose not to smoke.

The House Committee on Health amended the bill to include the private sector in the regulation. In addition, the Committee deleted reference to part-time employees.

Your Committee further amended the bill as follows:

(1) "Office work place" does not include a private office occupied by one person; and

(2) If an accommodation satisfactory to all affected employees cannot be reached, then a simple majority of the employees in each affected area shall prevail. If, however, the decision of the simple majority is disagreeable to the nonsmokers, a simple majority of all nonsmokers can appeal to the Director of Health for a determination of a reasonable accommodation.

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

Signed by all members of the Committee.

SCRep. 1054 Judiciary on S.B. No. 630

The purpose of this bill is to provide a comprehensive statewide program to control smoking in places frequented regularly by the general public. This bill will prohibit smoking in areas such as health care and other facilities, banks and similar institutions, retail stores, galleries, museums, libraries and the public areas of the State and County buildings, taxicabs when carrying passengers and other similar locations open to the general public.

Your Committee heard testimony from the State Department of Health, the Department of Health of the City and County of Honolulu, the Hawaii State Public Library System, medical societies, and private organizations, including the Interagency Council on Smoking, the American Lung Association and Health and the Hawaii Nurses Association in strong support of this bill. They all agreed that clean indoor air acts are justified on the basis of protecting nonsmokers from the harmful effects of passive smoking. Testimony from the Hawaii Food Industry Association and the Hawaii Business League in opposition to the government intruding into the private business sector.

Your Committee firmly believes that there is no reason for the great majority of our State to be irritated and at health risk from the smoke of others which pollute enclosed areas.

Your Committee on Health amended the bill as follows:

- (1) The restaurant seating capacity to invoke the smoking controls was changed from 50 to 40 persons;
- (2) The reference to retail store specific square feet was deleted;
- (3) A section was added to stipulate that nothing in this measure is meant to prohibit the counties from enacting ordinances more stringent than the controls outlined in this bill.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 630, S.D. 1, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 1055 Finance on S.B. No. 35

The purpose of this bill is to authorize the Commissioner of Financial Institutions to license foreign banks and to establish the criteria for which a foreign bank may maintain representative offices, nondepository agencies, and depository agencies.

This bill also appropriates funds for the promotion of international and foreign banking in the State of Hawaii which shall be expended through the Department of Planning and Economic Development (DPED), and requires the DPED to provide the Legislature with a report on its promotional program before the next regular session.

Your Committee has received testimony from the Commissioner of Financial Institutions, the Department of Planning and Economic Development, and the Hawaii Bankers Association in support of this bill.

Your Committee finds that promoting international banking in the State of Hawaii will enhance the State's economic ability and will contribute to the State's development as an international business center. Furthermore, licensing all foreign banking entities doing business in the State will subject them to the same State regulatory examination and supervision restraints as the other licensed financial institutions.

Your Committee has made non-substantive amendments for style and consistency.

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 35, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 35, S.D. 1, H.D. 2.

Signed by all members of the Committee.

SCRep. 1056 Finance 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. It also establishes an irrigation water development program and Engineering Program Manager position in the Department of Agriculture.

Your Committee received testimony in support of this measure from the Department of Agriculture and the Department of Land and Natural Resources.

Your Committee finds that to conform to the State Constitution, the Department of Land and Natural Resources may be required to relinquish its development responsibilities for water if a State water code is enacted.

Your Committee further finds that the Department of Agriculture has no administrative or technical background or expertise in the management and operation of irrigation systems, so transfer of the irrigation systems 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 has made technical, nonsubstantive amendments to this bill for purposes of style and clarity.

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

Signed by all members of the Committee.

SCRep. 1057 Finance on S.B. No. 1192

The purpose of this bill is to establish a State authority to select a site for a Hawaii International Convention Center. The bill includes provisions for the selection of members, the powers of the authority, and the site selection decision-making process, as well as funding to carry out its purposes.

The lack of a convention facility with adequate meeting and exhibition space is the missing link in an otherwise excellent visitor destination area. Your Committee believes that the stable and lucrative market of major conventions and trade shows that could be accommodated in a world-class convention center could generate a substantial amount of additional revenues for the State.

A modern convention center would complete the list of attractions Hawaii offers to potential conferences and exhibitions from around the Pacific Rim, placing our State in a unique position to pursue national and international meetings of major scale.

Your Committee finds that the creation of a convention authority would be a prudent alternative to resolving the highly debated issue of determining a site for the Hawaii International Convention Center in a timely manner.

Your Committee has made some technical, nonsubstantive amendments to correct drafting errors.

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 1192, S.D. 2, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1192, S.D. 2, H.D. 2.

Signed by all members of the Committee.

SCRep. 1058 Finance 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 maintenance of all correctional facilities and services.

Your Committee finds that the State corrections program has grown too large and too complex to remain under the umbrella of the Department of Social Services and Housing. To properly address the magnitude of the problems within the State corrections system, a separate department that can provide the focus and continuous attention the system desperately needs is essential.

This bill provides for the transfer of the Criminal Injuries Compensation Commission, the Hawaii Criminal Justice Commission, the Intake Service Centers, and the Hawaii Paroling Authority to the Department of Corrections. The bill also transfers the functions relating to the Judiciary's function for transportation of criminal defendants for required court appearances from the Sheriff's Office to the Department of Corrections.

Your Committee has amended the bill to: (1) include within the Department of Corrections the State law enforcement officers of the Department of the Attorney General who enforce Capitol security; and (2) add the Director of the Department of Corrections to the nominating panel for members of the Hawaii Paroling Authority.

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

Signed by all members of the Committee.

SCRep. 1059 Finance 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 motor vehicle insurance fund.

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

Your Committee has amended this bill to add a provision that the study shall include an analysis of the impact of a motor vehicle insurance fund upon current problems within the insurance industry, such as the "take-all-comers" provisions of the no fault law or allowing age and length of driving records as permissible rating basis.

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

Signed by all members of the Committee except Representative Tungpalan.

SCRep. 1060 Finance on S.B. No. 1500

The purpose of this bill is to continue the investment yield rate for actuarial valuations of the Employees' Retirement System through fiscal years 1987 and 1988 at eight per cent.

In addition, this bill would give the Board of Trustees of the Employees' Retirement System the authority to establish the investment yield rate and other factors for actuarial valuations of the system, beginning in fiscal year 1989.

Your Committee has amended this bill to remove the provision which would give the Board of Trustees of the Employees' Retirement System the authority to establish the investment yield rate and other factors for actuarial valuations of the system.

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 1500, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1500, S.D. 1, H.D. 2.

Signed by all members of the Committee.

SCRep. 1061 Finance 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, by an additional \$1 for each year of the retirant's or pensioner's credited service.

Your Committee made some technical, nonsubstantive amendments to correct drafting errors and for the purpose of clarity and consistency.

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 1367, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1367, S.D. 1, H.D. 2.

Signed by all members of the Committee.

SCRep. 1062 Finance on S.B. No. 379

The purpose of this bill is to allow expenditures of \$4,000 to \$10,000 for the repair of publicly owned and leased heavy equipment, automotive equipment, and sewage treatment plants to be made without public advertisement for sealed tenders or a call for informal bids.

Current law requires expenditures of more than \$8,000 to be made only after public advertisement for sealed tenders, and expenditures of \$4,000 to \$8,000 to be made only after a call for informal bids. This bill is intended to allow State

and County agencies to provide needed repair for sewage treatment plants, heavy equipment, and vehicles without unnecessary delays.

However as part of the Legislature's oversight responsibilities, your Committee believes that the effects of this bill should be reviewed. The State Department of Accounting and General Services and the Department of Public Works of each county are therefore requested to report to the Legislature prior to the convening of the Regular Session of 1989 regarding funds expended pursuant to this bill. Each report shall include, but not be limited to, the amounts involved, the benefits of this new system, and any resulting difficulties, including complaints received.

In accordance with the need for review and assessment, your Committee has amended the bill to provide for its repeal on July 1, 1989 with the proviso that Section 103-22, Hawaii Revised Statutes, be reenacted in its original form prior to the approval of this Act.

The bill was also amended to delete the notification requirement on lines 1-9 on page 3 since notification would be counterproductive to government responsiveness.

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

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 379, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 379, S.D. 1, H.D. 2.

Signed by all members of the Committee.

SCRep. 1063 Finance on S.B. No. 1146

The purpose of this bill is to amend Chapter 15, Hawaii Revised Statutes, by adding a new section to authorize the use of a federal write-in absentee ballot.

Your Committee received testimony from the Office of the Lieutenant Governor, indicating that the federal law requires states to give overseas voters the option of using the federal write-in absentee ballot in general elections for federal offices.

Your Committee finds that this bill will ensure that Hawaii will be in compliance with federal law as prescribed under Section 1973ff of Title 42, United States Code, as amended, and that all overseas Hawaii citizens will be afforded the opportunity to vote.

Because this provision is a requirement mandated by federal law, your Committee has amended the bill by deleting the provision to repeal the bill as of December 31, 1988.

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 1146, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1146, H.D. 2.

Signed by all members of the Committee.

SCRep. 1064 Finance on S.B. No. 1443

The purpose of this bill is to raise the rate of compensation for appointed counsel who provide legal representation for indigent criminal defendants, and to increase the budget appropriation for this purpose.

Current compensation rates for representation of indigent criminal defendants are below those provided in the federal system, and fail to provide reasonable compensation in extended or complex criminal litigation. This bill therefore appropriates \$879,263 for fiscal year 1987-88 and \$728,709 for fiscal year 1988-89 to provide a fee structure which more accurately reflects the amount of work necessary for these cases and which will attract more attorneys to represent these defendants.

Your Committee has amended this bill to correct technical drafting errors. No substantive changes were made.

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 1443, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1443, S.D. 1, H.D. 2.

Signed by all members of the Committee.

SCRep. 1065 Finance on S.B. No. 1072

The purpose of this bill is to allow hospital administrators to take leave without pay for employment in exempt positions as hospital administrators within the Hospitals Division of the Department of Health (Department). The maximum term for leave under these circumstances is specified at 8 years. Upon reinstatement, the hospital administrators taking advantage of the leave previously specified would receive the same compensation they would have received had they remained in their civil service positions.

Your Committee amended the bill to accommodate the Department's recommendation that the scope of the bill be expanded to cover all regular civil service employees. The bill was also amended to include assistant administrator positions in addition to the originally specified hospital administrator positions.

Other technical, nonsubstantive revisions were made for purpose of style, clarity, and consistency.

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

Signed by all members of the Committee.

SCRep. 1066 Finance on S.B. No. 1720

The purpose of this bill is to authorize the hiring of a medical director for the Oahu Correctional Community Facility (OCCC), at a salary level not to exceed that of a first deputy or first assistant to a department head and without regard to civil service requirements and public employees compensation plans.

Testimony was received from Department of Social Services and Housing indicating that although OCCC will continue to house a significant portion of the State's incarcerated population, Halawa Medium Security Facility (HMSF) will eventually be the State's largest correctional facility.

Upon further consideration, your Committee agrees that a medical director will also be needed at HMSF and has amended the bill to provide for authorization to also hire a medical director for HMSF.

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

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 1720, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1720, H.D. 2.

Signed by all members of the Committee.

SCRep. 1067 Finance on S.B. No. 625

The purpose of this bill is to create a task force for the purpose of advising the Legislature on the feasibility of establishing a teacher certification board for public school teachers. An appropriation of \$15,000 is provided to reimburse the members of the task force for travel expenses necessary to perform their duties.

The task force will be responsible for investigating the possibility of establishing a certification board for all teachers in the State, rather than only public school teachers. It will report to the Legislature within ten days after the

convening of the 1988 Regular Session, and will cease to exist ninety days after the submission of its report.

Your Committee has amended the bill by reducing the task force to eleven members, including elementary and secondary teachers and a private school teacher, and altering the proportion of representation accordingly.

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 625, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 625, S.D. 1, H.D. 2.

Signed by all members of the Committee.

SCRep. 1068 Finance on S.B. No. 735

The purpose of this bill is to provide \$300,000 for the expenditures necessary to support the 1990 America's Cup yacht race in Hawaiian waters.

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

Your Committee believes that the economic benefits of bringing millions of outside dollars into our State offer a strong argument for investment of State money into efforts to bring the America's Cup to Hawaii. Further, world-wide exposure to potential visitors would be gained, as well as long-needed maritime infrastructure which can be used by our citizens after the race is over. Your Committee agrees that the State should demonstrate its commitment and willingness to financially support the efforts to bring America's Cup to Hawaii.

Your Committee has amended this bill by: deleting the phrase "for fiscal year 1987-88"; renumbering the sections of the bill and making technical amendments to conform the bill to its title.

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

Signed by all members of the Committee.

SCRep. 1069 Finance on S.B. No. 154

The purpose of this bill is to establish a computerized fingerprint identification network through the purchase of an automatic fingerprint identification system. This system is an important investigative tool which will modernize and increase the speed and accuracy of criminal investigations involving fingerprints.

Your Committee has amended this bill to address the concerns raised in the testimony of the State Attorney General's Office and the Honolulu Police Department by providing that the appropriation for fiscal year 1987-1988 will not lapse until June 30, 1989. This amendment will provide law enforcement agencies with the time necessary to coordinate an implementation plan for the fingerprint identification system.

The bill was further amended to raise the nominal sum specified in the appropriation section to \$2. The effective date of the bill has been changed to July 1, 1987.

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 154, S.D. 2, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 154, S.D. 2, H.D. 2.

Signed by all members of the Committee.

SCRep. 1070 Finance on S.B. No. 1708

The purpose of this bill is to allow the Department of Agriculture to transfer funds between the agriculture loan revolving fund and the aquaculture loan revolving fund. In addition, this bill requires the Department of Agriculture to

report all transfers that were made between these funds during the preceding calendar year and the balance of each loan fund as of December 31 of each year to the Legislature.

Your Committee believes that providing the Department of Agriculture with the flexibility to transfer moneys between the two revolving funds would allow objectives of both programs to be met on a more timely and effective basis.

Your Committee has amended this bill by changing the effective date to July 1, 1987. Other technical, nonsubstantive amendments have been made to correct drafting errors and for the purposes of style and consistency.

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 1708, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1708, S.D. 1, H.D. 2.

Signed by all members of the Committee.

SCRep. 1071 Finance on S.B. No. 1751

The purpose of this bill as received by your Committee is to transfer the housing finance, housing development, and residential leasehold functions of the Hawaii Housing Authority (HHA) to the Department of Planning and Economic Development (DPED). The bill also changes the name of the Department of Social Services and Housing (DSSH) to the "Department of Human Services".

Recently, the Governor has proposed to change the organizational structure of State government by changing the name of the DSSH to the "Department of Human Services", and by establishing a new "Department of Corrections" having responsibility for the criminal justice and corrections functions now in DSSH. This will enable the new Department of Human Services to give full attention to human services functions.

Upon consideration of this measure, your Committee has amended it substantially by deleting all portions relating to the transfer of various HHA functions to DPED and to the establishment of the new Housing Finance and Development Corporation. Your Committee believes that the title of this bill may be too restrictive insofar as those aspects of this bill are concerned.

Your Committee has also amended this bill by amending the effective date to July 1, 1987.

Other technical, non-substantive amendments have also been made to this bill.

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 1751, S.D. 2, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1751, S.D. 2, H.D. 2.

Signed by all members of the Committee.

SCRep. 1072 Finance on SB 321

The purpose of this bill is to exempt health aid devices and appliances from the application of the general excise tax. The bill also includes housekeeping measures to amend Act 306, Session Laws of Hawaii 1986, which exempts prescription drugs and prosthetic devices from the application of the general excise tax.

The Department of Taxation testified in opposition to the exemption for items enumerated as health aid devices and appliances, emphasizing that these kinds of special exemptions create confusion and compliance problems among taxpayers. Moreover, unlike prescription drugs, health aid devices and appliances are not subject to strict inventory control and accounting.

Your Committee has amended the bill to delete the exemption for health aid devices and appliances. The bill was also amended to change the definition of "prosthetic device" by:

(1) Deleting the phrase "enhance or supplement the normal functions of body organs or" on page 10, lines 1-2; and

(2) Restoring the references to dental and ocular devices and appliances on page 10, lines 9-10.

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 321, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 321, S.D. 1, H.D. 2.

Signed by all members of the Committee.

SCRep. 1073 Finance on S.B. No. 792

The purpose of this bill is to revise Chapter 351, Hawaii Revised Statutes (HRS), relating to criminal injuries compensation.

Specifically, this bill would:

(1) Mandate that a decision on an application for compensation be made within twelve months of: (a) the date of filing of the application; (b) the completion of ongoing medical treatment; (c) the close of a worker's compensation claim; or (d) the close of the police investigation;

(2) Provide that the Commission on Criminal Injuries Compensation (Commission) may order the payment of compensation only if the victim files a complaint or report with the Police Department or other appropriate law enforcement agency;

(3) Allow the Commission to suspend proceedings if continuance would compromise the investigation of the crime involved;

(4) Revise the enumerated crimes for which victims may be eligible for compensation to include murder in the first and second degrees, the five sexual assault crimes, robbery in the first and second degrees, negligent homicide in the first and second degrees, and abuse of family and household members;

(5) Allow the Commission to recommend to the court that the defendant or offender pay restitution, as a condition of sentence, to the victim or person receiving compensation;

(6) Direct the court to order restitution to either the Commission or the State; and

(7) Permit compensation for crimes specifically enumerated in previous acts under Section 351-32, HRS.

Your Committee has amended this bill to correct technical drafting errors. No substantive changes were made.

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 792, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 792, H.D. 2.

Signed by all members of the Committee.

SCRep. 1074 Finance on S.B. No. 827

The purpose of this bill is to amend Section 621-9, Hawaii Revised Statutes, to provide that with court discretion, the costs of extradition relating to post conviction proceedings be borne by the defendant or petitioner.

Your Committee has made a technical, nonsubstantive amendment to the bill to correct a technical drafting error.

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 827, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 827, S.D. 1, H.D. 2.

Signed by all members of the Committee.

SCRep. 1075 Finance on S.B. No. 1136

The purpose of this bill is to implement the provisions of Article II, Section 9, of the Hawaii State Constitution, by establishing a presidential preference primary election for Hawaii.

Your Committee has amended the bill by:

- (1) Deleting the findings and purpose section;
- (2) Deleting the provision which requires the date of subsequent presidential primary elections to be determined by concurrent resolution of the Legislature;
- (3) Establishing a method for candidates to withdraw from the ballot;
- (4) Deleting the provisions requiring the results of the election to be proportionately binding on party delegates unless otherwise provided by national party rules;
- (5) Requiring the delegates to take into consideration the results of the election;
- (6) Creating a committee to determine whether the primary should be canceled, and providing the committee with discretionary authority to cancel the election;
- (7) Establishing a timetable for the election; and
- (8) Providing a \$1 appropriation.

Other technical, nonsubstantive amendments have been made throughout the bill for purposes of clarity and consistency.

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 1136, S.D. 2, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1136, S.D. 2, H.D. 2.

Signed by all members of the Committee.

SCRep. 1076 Finance on S.B. No. 1627

The purpose of this bill is to clarify the activities related to interstate or foreign commerce which are exempt from Hawaii's general excise and use taxes. More specifically, these activities are the stevedoring business of loading and unloading cargo, tugboat services, and harbor transportation activity. This bill also removes exemptions or exclusions from the use tax allowed to persons or common carriers engaged in interstate or foreign commerce.

Because of concerns raised about the possible effect of the repeal of the use tax exemptions, your Committee has amended the bill by deleting Section 2 of the bill and renumbering the sections accordingly. The bill was also amended to correct a typographical error on page 4.

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 1627, S.D. 2, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1627, S.D. 2, H.D. 2.

Signed by all members of the Committee.

SCRep. 1077 Finance on S.B. No. 1318

The purpose of this bill as received by your Committee is to make various amendments, most of which are for "housekeeping purposes", to chapter 359G, Hawaii Revised Statutes. Chapter 359G pertains to the Hawaii Housing Authority - Housing Projects.

Your Committee has amended this bill substantially by inserting much of the contents of S.B. No. 1751, S.D. 2, H.D. 1, which transfers the housing finance, housing development, and residential leasehold functions of the Hawaii Housing

Authority (HHA) to the Department of Planning and Economic Development (DPED) for administrative purposes. These functions would comprise a new Housing Finance and Development Corporation (HFDC).

S.B. No. 1751, as amended, is entitled: "A Bill for an Act Relating to A Department of Human Services". (Emphasis added.) Your Committee believes that this title may be too restrictive with respect to the transfer of various HHA functions to DPED and the establishment of the new HFDC, and that S.B. No. 1318, as amended, is a more appropriate vehicle.

Your Committee on Finance concurs with the findings and conclusions of your Committees on Human Services and Housing and Community Development in House Standing Committee Report No. 912-87, which provides justification for the transfer of many of HHA's functions to the DPED, and for the establishment of a Housing Finance and Development Corporation.

Your Committee would like to point out that no new powers have been added to the HFDC; the new chapter which establishes the HFDC is merely a recodification of what is already in the statutes.

Your Committee has, however, incorporated amendments to the new chapter pursuant to recommendations by Wood Dawson Smith and Hellman, State's Bond Counsel. This bill also differs from S.B. No. 1751, S.D. 2, H.D. 1, as follows:

- (1) Part III of Chapter 359 relating to housing for elderly persons is retained in this bill;
- (2) The salary of the executive director of the HFDC has been established at \$61,650 a year, which is equivalent to the salary of a department first deputy;
- (3) The term "declarant alien" has been replaced with "resident alien" wherever it appears; and
- (4) Numerous technical, non-substantive amendments have also been made.

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

Signed by all members of the Committee.

SCRep. 1078 Finance on S.B. No. 471

The purpose of this bill is to provide the Comptroller with statutory authority to: (1) manage, maintain, improve, redevelop, and reduce the number or size of State-owned cemeteries; and (2) allow the Department of Accounting and General Services (DAGS) to hire personnel pursuant to chapter 76 and 77, Hawaii Revised Statutes, to carry out management or maintenance functions for the cemeteries. The bill also appropriates \$873,300 for the fiscal biennium 1987-1989 to enable DAGS to carry out the provisions of this bill.

Your Committee received testimony from DAGS announcing its plans to obtain private contractual services to manage and maintain the cemeteries after the necessary work has been completed. It would therefore be more advisable to hire temporary personnel to perform the initial work required.

Upon further consideration, your Committee has amended the bill to reflect the testimony submitted by DAGS. Your Committee also made technical, nonsubstantive amendments for purposes of style and clarity, and has corrected a drafting error.

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 471, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 471, S.D. 1, H.D. 2.

Signed by all members of the Committee.

SCRep. 1079 Finance on S.B. No. 1372

The purpose of this bill is to provide the Director of Labor and Industrial Relations authority to waive the mandatory assessment of the maximum employer's unemployment insurance contribution rate on any employer who fails to file any report or files a report that is incorrect or insufficient in connection with the employer's unemployment insurance premiums, if it is determined by the Director that the employer's failure to comply was excusable, and provided that the non-complying employer submits all reports as required by the Department of Labor and Industrial Relations.

Your Committee has amended the bill to set the effective date to January 1, 1987.

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 1372, S.D. 2, H.D. 1, as amended, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1372, S.D. 2, H.D. 2.

Signed by all members of the Committee.

SCRep. 1080 Finance on S.B. No. 317

The purpose of this bill is to exempt low income housing, State housing, and Hawaii Housing Authority projects from requiring authorization by the Legislature and the Governor for capital improvements, emergency repairs, or reconstruction. This bill also provides that provisions of this bill shall not be used to finance the undertaking of a public parking facility by the Hawaii Community Development Authority on certain designated parcels of land.

Your Committee has amended this bill by deleting its substance and inserting new material, the purpose of which is to increase the Hawaii Community Development Authority's public facilities revenue bond authorization from \$15,000,000 to \$35,000,000.

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 317, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 317, S.D. 1, H.D. 2.

Signed by all members of the Committee.

SCRep. 1081 Finance on S.B. No. 1140

The purpose of this bill is to establish a trial period for voter registration by mail until December 31, 1988. The bill also provides for a self-subscribing oath in the registration process and elevates voter registration fraud from a misdemeanor to a class C felony.

The bill is intended to increase voter registration rolls by making the voter registration process more accessible to all eligible voters. Voter registration by mail will enable disabled, home-bound, and overseas citizens to register to vote and enable individuals to reregister more easily. In addition, county clerks will be better able to update and maintain voter registration rolls.

Your Committee finds that to carry out the purposes of this bill, the Lieutenant Governor may adopt rules pursuant to Section 11-4, Hawaii Revised Statutes.

Upon consideration of testimony received, your Committee amended the bill to:

(1) Provide a penalty for persons who vote knowing that they are not entitled to vote; and

(2) Enable individuals unable to write for reason of illiteracy or disability, but are otherwise qualified, to register to vote.

In addition, your Committee has amended the bill to clarify that on December 31, 1988 when this Act is repealed, Sections 11-15, 11-16, and 19-6, Hawaii Revised Statutes, shall be reenacted in the form in which they read prior to the approval of this Act. In addition, this bill was amended to correct typographic, technical, and stylistic errors.

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 1140, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1140, S.D. 1, H.D. 2.

Signed by all members of the Committee.

SCRep. 1082 Finance on S.B. No. 1158

The purpose of this bill is to increase the annual salary of the Public Defender from \$55,404 to \$66,000.

To maintain salary cohesion within the State's executive branch, your Committee has amended the bill to provide that the Public Defender's salary be set at \$61,560, in order to be commensurate with that of first deputies or assistants to department heads. Accordingly, the appropriations authorized in Section 2 of the bill has been adjusted to reflect the new salary level.

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 1158, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1158, S.D. 1, H.D. 2.

Signed by all members of the Committee.

SCRep. 1083 Finance on S.B. No. 1765

The purpose of this bill is to enable the transfer of park lands, including related improvements, personnel, equipment, and functions, between the State and each of the counties.

Your Committee believes that this measure would enable the more efficient and effective use of governmental resources in the area of park administration. However, your Committee finds that the proposed language could be interpreted to require that the transfer of park lands include the transfer of the related improvements, personnel, equipment, and functions.

Your Committee has therefore amended this bill to provide that the transfer of park lands may include the transfer of related improvements, personnel, equipment, and functions.

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

Signed by all members of the Committee.

SCRep. 1084 Finance on S.B. No. 1274

The purpose of this bill is to create a Governor's ocean resources tourism development task force to study how the natural beauty of Hawaii's coastal areas, beaches, and near-shore ocean waters might be preserved, restored, or enhanced for the promotion and development of the ocean recreation and tourism industries.

In addition, this bill would require the task force to submit its recommendations to the Legislature prior to the convening of the 1988 and 1989 Regular Sessions, and provides \$10,000 in funds for each of the fiscal years 1987-1988 and 1988-1989, to be expended by the task force to perform its duties.

Your Committee has amended this bill to reduce the membership from eight appointed members to seven; one each from: the Department of Planning and Economic Development's ocean resources office, the Department of Land and Natural Resources, the Department of Transportation, the University of Hawaii, the Hawaii State Association of Counties, the Hawaii Visitor's Bureau, and the Ocean Recreation Council of Hawaii.

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 1274, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1274, S.D. 1, H.D. 2.

Signed by all members of the Committee except Representative Kawakami.

SCRep. 1085 Finance 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, Sessions 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 providing that, in reviewing the classes identified in the bill in Sections 3 and 4, which were found to be valued or compensated at a rate lower than expected, the Conference of Personnel Directors shall consult with the appropriate exclusive representative. Nonsubstantive changes for style and clarity were also made.

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 1000, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1000, S.D. 1, H.D. 2.

Signed by all members of the Committee.

SCRep. 1086 Finance on S.B. No. 1154

The purpose of this bill is to: (1) amend the title of the Hawaii Invention Development Program to Hawaii Innovation Development Program; (2) provide definitions to clarify the scope of the Program; (3) and provide an appropriation of \$850,000 to the Program's fund.

Your Committee believes this Program, coupled with the expanded Hawaii Capital Loan Program, will be able to help many innovative concepts through the development stage to become commercial ventures.

Your Committee has amended the bill: (1) by deleting the proposed paragraph numbered (b)(5) on page 3 to conform the bill to companion measure H.B. No. 1326; (2) by amending the definition of "inventor" to be consistent with the use of the terms "innovation" and "inventor" in the bill; and (3) by reducing the appropriation to \$1.

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

Signed by all members of the Committee.

SCRep. 1087 Finance 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.

This 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 economic development functions of the current Department of Planning and Economic Development.

The objective of developing such 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.

Your Committee has made numerous technical, non-substantive amendments to this bill.

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 1747, S.D. 2, H.D. 1, as amended herein, and recommends that it pass

Third Reading in the form attached hereto as S.B. No. 1747, S.D. 2, H.D. 2.

Signed by all members of the Committee.

SCRep. 1088 Finance on S.B. No. 1726

The purpose of this bill is to repeal Act 112, Session Laws of Hawaii, 1981, and to revise the manner by which the Department of Hawaiian Home Lands ("Department") handles payment of the net proceeds whenever a homestead lease is surrendered, cancelled, or terminated. The bill would also clarify the language of Section 209 of the Hawaiian Homes Commission Act to accommodate the changes that have been made to that section at various times.

The major change proposed would allow the Department to use the Hawaiian Home General Loan Fund to pay the net proceeds on a cancellation, termination, or surrender of lease, if the Hawaiian Home Loan Fund does not have available cash to make such payments.

Your Committee has made minor amendments for style and clarity and to correct drafting and technical errors.

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 1726, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1726, H.D. 2.

Signed by all members of the Committee.

SCRep. 1089 Finance on S.B. No. 1451

The purpose of this bill is to extend the Nursing Home Without Walls Demonstration Project for two years, to June 30, 1989. In addition, this bill:

- (1) Changes the status of the demonstration project to that of a program;
- (2) Makes clients certified as requiring acute care eligible for the program;
- (3) Deletes the exception which provides for higher expenditure ceilings based on caseload for the counties of Hawaii, Kauai, and Maui; and
- (4) Deletes the waiver of licensing and certification requirements for the program.

Your Committee finds that since 1983 the Nursing Home Without Walls has been successful in providing comprehensive in-home services for chronically ill and disabled residents of Hawaii, enabling these individuals to remain in their homes and independent of costly institutionalization as long as possible.

Testimony in support of the bill was received from the Department of Social Services and Housing, the Department of Health, the State Planning Council on Developmental Disabilities, the Commission on the Handicapped, and Hawaii Centers for Independent Living.

Technical, nonsubstantive amendments to the bill were made for purposes of consistency and style.

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 1451, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1451, S.D. 1, H.D. 2.

Signed by all members of the Committee.

SCRep. 1090 Finance on S.B. No. 994

The purpose of this bill is to update and strengthen the laws relating to communicable diseases and the manner in which they are reported. More specifically, this bill:

- (1) Deletes the statutory list of communicable diseases and enables the

Director of Health to adopt rules to declare diseases or conditions to be communicable or dangerous to the public health;

(2) Includes laboratory directors and all health care professionals among those required to report diseases or conditions declared to be communicable or dangerous; and

(3) Allows the Director of Health to designate other classes of individuals who shall be required to report communicable diseases and conditions dangerous to the public health.

In addition, this bill also appropriates funds for epidemiological research on AIDS.

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

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 994, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 994, S.D. 1, H.D. 2.

Signed by all members of the Committee.

SCRep. 1091 Finance on S.B. No. 356

The purpose of this bill is to extend protection of instream uses of water to all streams in the State. Specifically, this bill would require: (1) the establishment of instream flow standards on a stream-by-stream basis; (2) the inclusion of the economic impact of use restrictions in the description of each instream flow standard; (3) the notification of the mayor of the appropriate county prior to establishment or modification of an instream flow standard; (4) the consideration of the recommendations of the mayor of the appropriate county in the formulation of the instream flow standard; and (5) the establishment of interim instream flow standards for a stream prior to new or expanded diversions of water from a stream or new or increased withdrawal of ground water which is the source of that stream's discharge.

This bill also provides an exemption from the permit requirements for projects which are already approved, under construction, or of a maintenance nature, and also appropriates funds to enable the implementation of the provisions in a timely manner.

Your Committee received testimony from the Department of Land and Natural Resources and the Board of Water Supply of the City and County of Honolulu in general support of this bill.

Your Committee has made technical, nonsubstantive amendments to this bill to correct drafting errors and for the purposes of clarity and consistency.

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 356, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 356, S.D. 1, H.D. 2.

Signed by all members of the Committee.

SCRep. 1092 Finance 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. 85-1226.

Your Committee amended the bill by adding to Section 1 two claims totalling \$16,000 that have been settled or resolved based on supporting documentation furnished your Committee by the Office of the Attorney General. (Hogg v. DOT and Rudolph v. State)

Your Committee also corrected the amount for Balch v. State to read "\$275,000."

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 1735, S.D. 2, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1735, S.D. 2, H.D. 2.

Signed by all members of the Committee.

SCRep. 1093 Finance 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.

Your Committee has inserted \$1 as the total amount of bonds authorized by this bill in order to allow flexibility in the budget-making process. Other amounts in the bill and the proper bill references have been left incomplete since the precise data or best estimates have not yet been established.

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 141, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 141, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1094 Finance on S.B. No. 1660

The purpose of this bill is to appropriate funds to finance various capital improvement projects throughout the State.

Your Committee believes that this bill in its final form will reflect the Legislature's intent to appropriate funds for capital improvement projects where they are needed most and will benefit the general populace of the State of Hawaii.

Specifically, funds have been provided for improvements in the following areas:

1. Construction of new facilities and renovations to meet growth in enrollment and changes in educational specifications for public schools throughout the State.
2. Accelerate the construction of facilities to enhance the health and safety of students, faculty and staff.
3. Upgrading and fulfillment of the State's highway system plans to meet urban growth and consequent increase in vehicular traffic throughout the State.
4. Improvement of existing parks and historic sites, and acquisition of certain sites as part of the State's continuing efforts to enhance visitor attractions and provide for the recreational needs of residents as well as visitors.
5. Assistance to the counties in finding, developing, and monitoring sources of water supply. These improvements should provide more efficient sources of water supply, not only for potable but irrigation purposes. These projects should facilitate the development of housing and diversified agricultural objectives.

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 1660, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1660, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1095 Finance on S.B. No. 320

The purpose of this bill is to conform the Hawaii income tax law to the Internal Revenue Code of 1986 and to amend chapters 235 and 241, Hawaii Revised Statutes, to reflect the changes necessary to effectuate that purpose. The provisions of the bill include a food tax credit, a capital goods tax credit, and exemption from the general excise tax for sales of tangible personal property shipped out of state by a manufacturer, producer or certain computer services business.

Your Committee amended the bill pertaining to the carryover of excess capital goods excise tax credit from fifteen years to six years. Although the fifteen year period makes it possible for businesses to recover all of the excess credit, the record keeping of such credits for 15 years would be cumbersome and difficult to audit by the Tax Office. Furthermore, most of the recovery can be attained in 6 years.

Your Committee also amended the amount of standard deduction of certain dependants from \$170 to \$500. This amendment is consistent with the Internal Revenue Code of 1986. The original amount of \$170 would cause undue hardship on taxpayers to file for such deductions, and unnecessary workload for Department of Taxation.

Lastly, your Committee amended the section on excise tax exemption of certain computer services. Such exceptions have the potential effect of exempting other kinds of technical businesses. Therefore, your Committee deleted the entire section and made corresponding changes on the apportionment section of the bill relating to chapter 237-21.

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 320, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto, as S.B. No. 320, S.D. 2, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1096 Finance on S.B. No. 515

The purpose of this bill is to support innovative projects to prevent child abuse and neglect.

Your Committee supports the awarding of grants for innovative projects to prevent the incidence of child abuse and neglect in Hawaii and help to meet the need for increased public education as well as services for individuals at risk of abusing or neglecting their children.

Your Committee has amended this bill by deleting the provisions for statutory funding for abuse and neglect prevention services and the bill is accordingly rewritten.

Your Committee has added an appropriation of \$400,000 for the purpose of this bill.

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 515, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 515, S.D. 2, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1097 Judiciary 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. The bill also amends Section 708-801(3) by raising from \$50 to \$100 the statutorily assigned property value where value cannot be determined. This proposes to bring the law into conformity with other sections of the penal code, and does not affect the classification of the crime.

The Senate Committee on Judiciary heard testimony supporting this bill be-

cause it allows an alternative method of valuing property for criminal offenses. The Committee also heard testimony opposing the bill on the grounds that this bill will enable law enforcement officials to charge persons with higher grades of crimes based on the higher replacement cost where market value is too difficult to determine. It was not the intent of the Senate Committee to automatically give law enforcement officials authority to use whichever property value is higher when charging a person with a crime.

Your Committee, however, does not believe that a mere expression of legislative intent will prevent the abuse of the existing proposed bill language. Your Committee has therefore amended this bill to clarify the use of "replacement cost." Under the amendment, market value is preferred. Replacement cost is applied only if the subject property is not available for determining value. In such cases, the replacement cost shall be discounted to the approximate time of the incident.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 785, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 785, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1098 Finance on S.B. No. 1722

The purpose of this bill is to clarify the meaning of "debt" in order to retain the state tax refund of persons who are delinquent in child support payments or who have defaulted on an educational loan note held by the United Student Aid Funds, Inc. This amendment to HRS Section 231-52 will clarify that a debt could be a court-ordered payment which is one month overdue or a sum exceeding \$25.00. Both conditions need not be met for the Department of Social Services and Housing to intercept the State tax refund of a debtor owing money to the State.

Your Committee has made a nonsubstantive amendment to this bill to correct an error in spelling.

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 1722, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1722, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1099 Finance on S.B. No. 1044 (Majority)

The purpose of this bill is: (1) to delete from the tax exemption provided for the contract carriers by water. The requirement that such carriers have a gross weight exceeding 10,000 gross tons, and (2) to amend the description of such carriers as being in the business of transporting persons for tourism or sight-seeing purposes to that of transporting persons between harbors or wharves of the various counties for interisland cruises.

This bill would broaden the public service company tax exemption granted to cruise ships, thus making provisions less discriminatory.

Your Committee has amended this bill to correct nonsubstantive errors.

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 1044, as amended, and recommends that it pass Second Reading and be placed on the calendar for Third Reading in the form attached hereto as S.B. No. 1044, H.D. 1.

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

SCRep. 1100 Finance on S.B. No. 980

The purpose of this bill is to establish a self-sufficient revolving fund for the maintenance of state telecommunications sites and equipment.

The State has telecommunication equipment at various sites at which other government agencies and some business organizations also locate their equipment. However, maintenance at these sites is now done by the users in a haphazard manner.

This bill contemplates that all users will enter into a formal agreement to share the costs of maintenance. All funds collected will be deposited into the revolving fund established by the bill and all maintenance expenses paid from the fund.

Your Committee has amended the bill by substituting "director of finance" in place of comptroller to reflect the transfer of the Telecommunications Branch from the Department of Accounting and General Services to the Department of Budget and Finance.

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 980, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 980, S.D. 1, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1101 Judiciary 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 Committee on Judiciary deleted Section 18 from the original bill, which added "drug" to the title of Section 286-151, Hawaii Revised Statutes, to reflect a change in the language of subsection (b) of that section. The revision was deemed to be substantive in effect and therefore not appropriate to the revision bill.

The Senate Committee also deleted Section 34 as a result of testimony by the Board of Pharmacy. The proposed addition of the words "per cent" to the Board of Pharmacy licensure examination passing score apparently alters the numerical value of the passing score, as the examination is not graded on a percentage basis.

Following a discussion with representatives of the Legislative Reference Bureau and the Department of the Attorney General at the hearing, your Committee amended S.B. No. 431, S.D. 1, with their concurrence as follows:

Section 18 is reinserted as the change in the title adding "drug" clearly conforms to the substantive language of the statute. The present statute, Section 286-151(b) authorizes a breath or blood test for any person who a police officer reasonably believes is under the influence of "...drugs."

This bill is the original companion to H.B. No. 427. Your Committee therefore incorporates by reference herein House Standing Committee Report No. 608, H.B. No. 427. The House committee report is substantively the same as the Senate report, and contains numerous style changes and deletions for surplusage. The report provides accurate detail of the statutory sections affected by the bill and the reasons for the changes.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 431, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 431, S.D. 1, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1102 Judiciary on S.B. No. 109

The purpose of this bill is to reduce the number of youthful smokers by prohibiting the sale of tobacco products to minors.

Experts in the field of health care agree that findings strongly indicate that the earlier a person takes up smoking, the greater the likelihood that he will be a heavy smoker as an adult.

The bill promotes responsibility on the part of minors by making their purchase and possession of tobacco products unlawful. Minors violating this provision are subject to fines of \$10 for the first offense and \$50 for any subsequent offense, or they may be required to perform community service. Adults who sell tobacco products in violation of Section 445-212, HRS, shall be subject to fines of \$100 for the first offense and between \$100 and \$1,000 for any subsequent offense.

Your Committee received favorable testimony from the Department of Health and the American Lung Association.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 109, S.D. 1, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 1103 Judiciary on S.B. No. 787

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

At the present time, causing bodily injury to a teacher, administrator, counselor, or employee of the Department of Education is a misdemeanor.

Educational workers are required to report suspected or actual violations of law under Section 296-71, HRS. Your Committee, therefore, believes there is a need to provide an added deterrent against physical attack from persons who may wish to retaliate against them.

This bill was amended by the House Committee on Education to cover custodians, cafeteria and maintenance workers employed by or under the control of the Department of Education. The Committee found that such workers should be covered since they are required to report under the provisions of Section 296-71, HRS.

The bill was also amended by your Committee on Education to include persons hired by the Department of Education on a contractual basis if the contractor is carrying out an educational function.

Your Committee heard testimony from the Department of Education, the Department of the Prosecuting Attorney of the City and County of Honolulu and the Honolulu Police Department in support of this measure.

Your Committee finds that educational workers should be provided the same protection against assault now afforded correctional workers under Section 707-711(c), HRS.

Recognizing that the obligation to report crime-related incidents places a special burden upon educational workers, your Committee finds that the enactment of this measure would further the Legislature's intent of providing a safe school climate.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 787, S.D. 1, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 1104 Judiciary on S.B. No. 1518

The purpose of this bill is to allow direct use applications of geothermal resources to be conducted both within and outside of geothermal resource sub-

zones that are located within urban, rural, and agricultural districts without the issuance of a county geothermal resource permit.

Your Committee finds that direct uses of geothermal energy, such as food processing and refrigeration, agricultural production, kiln drying of native woods and fabric dying, enhance the viability of geothermal development and provide significant opportunities for others, especially farmers and small businesses.

Your Committee further finds that with the addition of direct use applications to the designation of "geothermal development activities", it is unclear whether direct uses permitted in the State agriculture, urban, and rural district designations are exempt from the geothermal resource permit requirement. This bill clearly provides that direct use outside of a geothermal resource subzone is permitted. Further, a geothermal resource permit is not required both within and outside of areas designated as geothermal resources subzones, where that application is in conformance with other applicable state and county land use regulations and with the provisions of chapter 205, HRS. Under this bill, geothermal exploration and development which would precede direct use applications would not be exempted from the requirements of obtaining geothermal resource permits.

Your Committee notes that the provisions in this bill should not be so interpreted as to override that governing principle use applications be in conformance with all other applicable state and county land use regulations.

Several parties appeared before your Committee to present favorable testimony on this bill. Among them were representatives from the Department of Land and Natural Resources, the Department of Planning and Economic Development and the Natural Energy Laboratory of Hawaii.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 1518, S.D. 2, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 1105 Judiciary on S.B. No. 261

The purpose of this bill is to protect employees in the private and public sectors who report suspected violations of law from any form of retaliation by their employers, without impairing any existing or developing common law rights of employees.

The bill bars discharge, discrimination and other forms of adverse action which would deter citizens from participating in investigations by various branches or agencies of government.

Testimony in support of this measure was received from the State Ethics Commission and Common Cause Hawaii. The State Ethics Commission supports this measure because the protection given to employees will make it easier for the commission to enforce the State Ethics Code.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. 261, S.D. 1, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 1106 Judiciary on S.B. No. 162

The purpose of this bill is to require the registration of motor vehicles in the county in which the motor vehicle is located upon the expiration of the existing certificate of registration. This bill also provides a fine of \$1,000 for any corporate owner of a motor vehicle who fails to register pursuant to this section.

At the present time, fleet owners, primarily rental car enterprises, receive major deliveries of their automobiles on Oahu, register their cars with the City and County of Honolulu pursuant to law, and then immediately transfer a portion of the fleet to the neighbor islands. This existing practice creates an inequitable situation, as the City and County of Honolulu receives all of the initial registration revenues, while the neighbor island domiciles of the transferred cars do not receive any appropriate contribution to provide for road maintenance and

other traffic expenses normally incurred. To correct this inequity, this bill would require that motor vehicles which are transferred to another county be registered in the county where the motor vehicle is located, upon the expiration of the existing certificate of registration, regardless of the owner's residence or principal place of business.

Your Committee agrees with the exemption for public utility companies which deals with workload peaks, by frequently assigning Oahu-based personnel and motor vehicles to the neighbor islands on a temporary basis.

Hawaiian Telephone Company testified in support of the amendment to the bill to exclude vehicles which are transferred temporarily to another county for a period of no more than three months from the requirement to register in the county in which the vehicle is temporarily located.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 162, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 1107 Finance on S.B. No. 776

The purpose of this bill is to provide greater flexibility to the Hawaii Housing Authority to develop housing for the elderly by creating a new part under chapter 359G, Hawaii Revised Statutes, relating to housing for elderly persons, and repealing a similar provision in part III under chapter 359.

Part III of chapter 359 provides for the development of homes for the elderly in state housing projects. The provisions contained within this part are restrictive and make the development of affordable elderly housing projects by the Hawaii Housing Authority (HHA) unfeasible.

This bill essentially transfers all of the responsibility for housing for the elderly to HHA under chapter 359G but without many of the prior restrictions under chapter 359.

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 776, S.D. 1, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 1108 Finance on S.B. No. 552

The purpose of this bill is to allow the use of the Rental Assistance Program to subsidize rents in projects which are privately developed and financed pursuant to Part II of Chapter 356.

Your Committee agrees with the purpose of this bill to allow the use of the Rental Assistance Program to subsidize rents in projects developed and financed by the Hawaii Housing Authority under Part I of Chapter 356.

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 552, S.D. 1, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 1109 Finance on S.B. No. 882

The purpose of this bill is to increase the amount of moneys that can accumulate in the seed distribution revolving fund to \$70,000.

Under current law, any moneys in the seed distribution revolving fund in excess of \$35,000 must be remitted to the state general fund at the end of each fiscal year. Raising the amount to \$70,000 will provide the College of Tropical Agriculture and Human Resources the needed flexibility to carry out its seed distribution activities to Hawaii's farmers.

The College of Tropical Agriculture and Human Resources testified in support of

this bill, citing the need to raise the ceiling to allow the College to hire trained personnel and purchase equipment in order to better serve Hawaii's agricultural industries on a timely and consistent basis.

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 882, S.D. 1, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 1110 Finance on S.B. No. 1748

The purpose of this bill is to increase the fees and charges for vessel registration to meet the increased costs of administering the vessel registration program.

The Federal Boat Safety Act of 1971 authorized the State to establish vessel registration fees to cover the cost of administering the vessel registration program. Your Committee finds that as vessel registration fees and charges have remained unchanged since 1977, the revenues derived from this source have not kept pace with escalating administrative and material costs. This has resulted in increasing levels of funds being diverted from other necessary boating program activities to accommodate the cost increases of the vessel registration program. This measure would assure that vessel registration fees and charges generate the necessary revenues to meet the anticipated costs of future vessel registration activities.

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 1748, S.D. 1, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 1111 Finance on S.B. No. 1143

The purpose of this bill is to increase the compensation of the Board of Registration (Board) members from \$45 to \$70 per day of service and to authorize the reimbursement of expenses incurred by members in the performance of their duties.

Your Committee finds that Board members perform a valuable public service and that this bill would encourage qualified persons to become or remain members of the Board.

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 1143, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 1112 Finance on S.B. No. 414

The purpose of this bill is to preclude existing government-assisted rental housing projects from qualifying for general excise tax exemptions.

Section 237-29, Hawaii Revised Statutes, currently provides general excise tax exemptions to those involved with the following two types of projects: (1) Newly constructed or rehabilitated projects developed with the Hawaii Housing Authority (HHA) or county assistance; and (2) HHA-approved existing low-and moderate-income housing projects receiving government assistance and which rents and operations are controlled under a regulatory agreement with a governmental body.

This bill would preclude those in the second category, i.e., existing low-and moderate-income housing projects from qualifying for a general excise tax exemption. Your Committee believes that this is in keeping with the original intent of the general excise tax exemption statutes; that is, to provide an economic incentive sufficient to general private sector participation in the construction of new housing units.

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 414, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 1113 Finance on S.B. No. 959

The purpose of this bill is to provide that in the event a long term lease on lands for intensive agricultural or pasture use is withdrawn by the Board of Land and Natural Resources during the term of the lease, the lessee shall be compensated for the present value of all permanent improvements that were legally constructed by the lessee prior to the time of withdrawal.

Your Committee received testimony from the Department of Land and Natural Resources in support of this bill.

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 959, S.D. 1, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 1114 Finance 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 leases with bona fide farmers who reside on Waimanalo farm lots.

Currently, Waimanalo farm-lot residents hold revocable permits and lease State lands on a month-to-month tenancy.

Your Committee received testimony from the DLNR, and a number of Waimanalo farmers, in support of this bill and finds that many of the residents have lived and farmed these lands for two generations. Your Committee further finds that the temporary lease situation presents an economic hardship because farm improvement financing cannot be found with only a 30-day tenure on the property.

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 559, S.D. 1, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 1115 Finance on S.B. No. 492

The purpose of this bill is to expand the scope of county authority to designate any geographic area a tax increment district to permit use of tax increment financing for projects and developments in those areas.

The law currently allows tax increment financing in areas which include re-development plans or community development plans only. This bill will expand the counties' authority by allowing such financing in areas which include high technology parks, telecommunications developments, and other areas which a county may deem appropriate.

Your Committee finds that high technology parks and telecommunications developments can provide significant economic benefits to the counties by generating additional revenues and providing increased employment opportunities. Tax increment financing can help attract high technology and telecommunications firms. Furthermore, expanding the scope of county authority to designate a tax increment district in any area which a county deems appropriate will enable the counties to utilize this innovative financing tool more fully.

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 492, S.D. 1, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 1116 Finance on S.B. No. 316

The purpose of this bill is to authorize the issuance of revenue bonds by the Hawaii Community Development Authority which are subject to federal taxation, to

finance the development of public facilities in the Kakaako Community Development District. This bill further provides that the provisions of this bill shall not be used to finance the undertaking of a public parking project on certain designated parcels of land by the Hawaii Community Development Authority.

Under Section 206E-153, Hawaii Revised Statutes, the Authority is currently authorized to issue tax-exempt revenue bonds to finance the development of public facilities for the Kakaako Community Development District. These bonds are exempt from all federal, state, and local taxation.

The Federal Tax Reform Act of 1986 significantly restricts the flexibility and viability of tax-exempt bond financing. In particular, the Tax Reform Act has virtually eliminated the ability of government bond issuers, such as the Authority, to participate with private entities in a project which utilizes tax-exempt bond financing.

Your Committee agrees that the use of taxable revenue bonds offers an alternative to traditional tax-exempt financing and may be a feasible method of financing public facilities.

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 316, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 1117 Finance on S.B. No. 454

The purpose of this bill is to allow the Director of Social Services to deduct up to ten percent of moneys earned by an inmate annually, including interest earned on those moneys, to be paid toward any court ordered victim restitution.

Your Committee believes that while the amounts of money likely to be paid to victims at the present time are quite small, the knowledge that the offender is being required even in a small way to accept his or her responsibilities would be reassuring to many victims. In addition, as the victim is repaid for his or her loss, the criminal may develop a degree of self-respect and pride in knowing that he or she has begun to right the wrong committed.

Your Committee on Finance, is in accord with the intent and purpose of S.B. No. 454, S.D. 1, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 1118 Finance 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 on Finance is in accord with the intent and purpose of S.B. No. 432, S.D. 2, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 1119 Finance on S.B. No. 1740

The purpose of this bill is to limit a public employee's State or County retirement credit while serving in the military service to four years and to allow the credit only for members who enter military service involuntarily or in time of war or declared national or State emergency.

Currently, under Section 88-132, Hawaii Revised Statutes, a member of the Employees' Retirement System who leaves State or County employment to enter

military service is given retirement credits for the period of military service. During this period, the State or County employer is required to pay all contributions payable to the retirement system by the employer and member.

This bill would limit the entitlement under Section 88-132 to four years of military service.

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 1740, S.D. 1, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 1120 Finance on S.B. No. 348

The purpose of this bill is to limit the practice of respiratory therapy by respiratory therapy technicians to those individuals who hold certificates from the National Board for Respiratory Care as Certified Respiratory Therapy Technicians.

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 348, S.D. 1, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Representative Kawakami.

SCRep. 1121 Finance on S.B. No. 997

The purpose of this bill is to amend Section 187A-10 of the Hawaii Revised Statutes by deleting the bond required of fishing license agents.

The statute was enacted to offer the general public a more convenient method of obtaining fishing licenses by allowing sporting goods stores or other general merchandise stores located throughout the State to sell the licenses.

The bond requirement was established to provide a security to the State for the faithful accounting and payment of licenses sold by the agents. The rate charged for the fidelity bond in the past has been \$3.50 per \$1,000 of coverage. This rate has since increased to \$30 per \$1,000 of coverage, thus discouraging various agents from remaining as license agents. Removing the fidelity bond requirement and giving the agents the option to prepay for the licenses will encourage agents to continue selling fishing licenses.

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 997, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Kawakami and Leong.

SCRep. 1122 Finance 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 percent 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 quarantee 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.

This Act shall take effect only if H.B. No. 410, H.D. 1, becomes an Act.

Your Committee has received testimony from the Insurance Commissioner and interested parties in support of this bill.

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 361, S.D. 3, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Representative Kawakami.

SCRep. 1123 Finance on S.B. No. 1164

The purpose of this bill is to update Chapter 149A, Hawaii Revised Statutes, and to provide stricter regulations on the purchase and use of pesticides in Hawaii. It will also make it unlawful to receive or use any pesticide not licensed in Hawaii.

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 1164, S.D. 1, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Representative Kawakami.

SCRep. 1124 Finance on S.B. No. 1288

The purpose of this bill is to authorize the Real Estate Commission (Commission) to invest and reinvest sums deposited into the Real Estate Education Fund, which may be combined for investment purposes with the Real Estate Recovery Fund, in the same manner as the funds of State Employees' Retirement System. The Commission would be required to keep separate accounting records of the funds.

Under present law, the Commission may invest sums in the Real Estate Recovery Fund but there is no provision concerning investment of the sums of the Real Estate Education Fund. This bill will facilitate the management and investment of both funds in order to get the best return on the investments.

Your Committee received testimony from the Real Estate Commission in strong support of the bill.

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 1288, S.D. 1, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 1125 Finance on S.B. No. 1673

The purpose of this bill is to include all directors, deputy directors, and assistants to the department heads appointed by the Governor.

This bill represents a cautious approach. After a short period of time and actual experience, the Legislature may consider inclusion of additional appointive members to class A membership in the State's Retirement System.

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 1673, S.D. 1, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Representative Tungpalan.

SCRep. 1126 Judiciary on S.B. No. 548

The purpose of this bill is to repeal Section 532-15, Hawaii Revised Statutes, to prevent intestate kuleana lands from being acquired by surrounding landowners through escheat.

The bill as originally received from the Senate allowed the Office of Hawaiian Affairs (OHA) to assume control of such lands. Your Committee on Water, Land Use, Development and Hawaiian Affairs amended the bill to provide that such land pass to the State. The Committee stated that as the land may well have been owned by a non-Hawaiian, automatic acquisition by OHA is not justified.

The bill as received by your Committee on Judiciary does not consider intestate kuleana land apart from other intestate land. That is, under this bill all such land escheats to the State.

Your Committee received testimony in support of this bill from the Office of Hawaiian Affairs, the Native Hawaiian Legal Corporation and the Hawaiian Political Action Council of Hawaii.

Your Committee is not adverse to allowing the escheat of intestate kuleana lands

to OHA, and is prepared to recommend as much upon receipt and approval of a land management study to be undertaken by OHA.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 548, S.D. 1, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 1127 Finance on S.B. No. 1750

The purpose of this bill is to require the Department of Transportation to adopt rules to implement future increases or decreases to fees and charges for vessel registration.

The Federal Boat Safety Act of 1971 authorized the State to establish vessel registration fees to cover the cost of administering the vessel registration program. However, at the current time, the Department of Transportation must seek legislative action each time an adjustment to the vessel registration fees and charges is needed to cover the costs of administering the vessel registration program. Your Committee finds that granting the Department authority to administratively establish vessel registration fees and charges, pursuant to chapter 91, Hawaii Revised Statutes, would provide the needed flexibility to adjust for changes in the program costs, and further administrative and governmental efficiency.

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 1750, S.D. 1, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Representative Kawakami.

SCRep. 1128 Finance on S.B. No. 539

The purpose of this bill is to amend appropriate statutory provisions to require that current liquor license fees be justified by a direct and proportionate relationship to the respective county liquor commissions' expenses. It also specifies that only increases in the liquor license fee structure must be approved by the county's legislative body and mayor. The bill would also require that the respective county liquor commissions conform their fees to the new statutory requirements, and that excess fees collected be returned or credited to the licensees.

Your Committee has received testimony from the Hawaii Hotel Association and the Retail Liquor Dealers Association in favor of this bill.

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 539, S.D. 1, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 1129 Finance on S.B. No. 1713

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

This bill would also require the comptroller to: (1) keep a full record of all transactions involving the State Surplus Property Revolving Fund; (2) prepare an inventory of all surplus State property pursuant to Section 106-5; and (3) report to the Governor and the Legislature annually indicating collections and expenditures of the preceding fiscal year.

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 1713, S.D. 2, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 1130 Finance on S.B. No. 979

The purpose of this bill is to eliminate the contract bond requirement for price-term, open-end, or requirements contracts for materials, if the amount to be paid to the contractor cannot be estimated at the time the contract is to be awarded.

Current law provides that bonds are required in all contracts to insure the full and faithful performance of the contract. This provision is unworkable in contracts where there is no specified quantity of goods over a defined period of time.

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 979, S.D. 1, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 1131 Finance on S.B. No. 634

The purpose of this bill is to allow teachers whose hours are equal to one-half of a full-time equivalent position to be served by an exclusive collective bargaining unit representative, and to correct an inequitable situation existing between certain twelve-month special services personnel and ten-month certified personnel performing similar services within the Department of Education (DOE).

Under current law, part-time employees who work less than twenty hours a week are excluded from collective bargaining. As a result, half-time teachers who work seventeen and one-half hours a week based on a thirty-five hour full-time work week are treated as excluded employees. However, other employees in the public sector who work twenty or more hours a week are included in the same bargaining unit as their full-time equivalent employees. Inasmuch as the half-time teachers work at least one-half or more of the hours of their full-time equivalent, your Committee believes that the half-time teachers should be included in collective bargaining with their full-time equivalents.

In addition, special services personnel within the DOE who perform the same professional duties are currently divided between two different bargaining units, and receive approximately the same salary for considerably different work schedules and benefits. This bill requires that the work year, vacation, and sick leave allowances be standardized for all special services personnel to conform to those of teachers in the DOE.

Your Committee instructs the unions to resolve their differences and decide which bargaining unit is most appropriate for these special service personnel, and end this "separate but equal" inequality permanently. Your Committee also directs the DOE to ensure that personnel performing the same duties work equal schedules and receive equal pay and benefits. Your Committee enjoins all parties to fulfill these expectations by the beginning of the 1987 school year.

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 634, S.D. 1, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 1132 Finance on S.B. No. 1718

The purpose of this bill is to exempt from the civil service system top level executive positions in newly created program areas.

Your Committee finds that this exemption will provide the Governor greater flexibility in hiring highly qualified, creative individuals from the community at large for innovative programs. While allowing a certain amount of flexibility, this bill limits the exemption to "newly created program areas" to assure those public employees currently covered by civil service laws that their positions will continue to be filled and occupied in accordance with established merit principles.

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 1718, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 1133 Finance on S.B. No. 1744

The purpose of this bill is to establish a special unemployment insurance administration fund for the deposit of all interest, fines, and penalties from delinquent unemployment insurance contributions collected under the employment security law after October 1, 1987.

This bill also requires: (1) that moneys in the fund be used for the payment of expenses and obligations relating to the administration of the unemployment insurance program; (2) that no moneys in the fund be expended for any purpose for which federal funds would otherwise be available; (3) that except for refunds of penalties and interest erroneously collected, all expenditures must be approved by the Director of Finance; (4) that all moneys in the fund shall be available to the Director of Finance for appropriate expenditures, shall not lapse, and may be transferred by the Director of Finance to the unemployment compensation fund; and (5) that the Director of Finance submit a report on the fund's financial status to the Legislature twenty days prior to the convening of each regular session.

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 1744, S.D. 1, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 1134 Finance on S.B. No. 1172

The purpose of this bill is to allow the Governor to explore non-traditional, non-capital intensive alternatives to address the problem of traffic congestion, by expanding the Governor's existing authority to modify the hours of business offices, public schools, and other government agencies, to include the authority to modify the hours of colleges and universities.

This bill would also require all public contracts awarded under chapter 103, Hawaii Revised Statutes, to take into consideration the extent to which work undertaken pursuant to the contract will increase traffic congestion during peak traffic hours, and where appropriate, to include provisions to reasonably minimize any adverse impact.

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 1172, S.D. 1, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 1135 Finance on S.B. No. 1424

The purpose of this bill is to raise the statutory fee schedule and increase the budget appropriation for appointed counsel and guardians ad litem providing legal representation for indigents in the family court.

The Ad Hoc Committee on Fees of Court-Appointed Private Counsel, appointed by the Chief Justice of the Hawaii Supreme Court, recommended an increase in the fees for court-appointed private counsel and guardians ad litem in order to provide reasonable compensation for their work. At present, fees range from \$30 an hour for out-of-court services to \$40 an hour for in-court services. This bill will allow for compensation in the amount of \$40 an hour for out-of-court services and \$60 an hour for in-court services.

Your Committee received testimony supporting this bill from numerous private guardian ad litem attorneys and the Administrative Director of the Courts. The testimony indicated that the fees currently allowed barely cover overhead costs, and, as such, are insufficient to maintain legal services as called for under Hawaii Revised Statutes §802-5(b)(8) and §587-33(c) to 587-33(f).

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 1424, S.D. 1, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 1136 Finance 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 certain criminal justice agencies and appropriate State and County agencies.

This bill will also clarify the composition of the Interagency Board and provide that a position on the Board will terminate automatically upon termination of employment with, or reassignment to other functional responsibilities within, the respective agency.

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 1163, S.D. 1, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 1137 Education on H.R. No. 71

The purpose of this resolution is to request the Legislative Auditor to review administrative staffing at the State and district offices of the Department of Education with a view toward developing a more rational framework for the efficient use of personnel resources and redeploying all nonessential administrative positions to the classroom in order to reduce the student-teacher ratio.

The Department of Education testified in favor of this resolution.

Your Committee finds that an independent review of the Department of Education's organization and staffing is necessary in light of recent initiatives to reduce class size. We also find that the audit should consider the impact of Acts 320 and 321, Session Laws of Hawaii 1986, on the staffing of the State and district offices. The resolution has been amended accordingly.

Your Committee on Education concurs with the intent and purpose of H.R. No. 71, as amended herein, and recommends that it be referred to the Committee on Legislative Management, in the form attached hereto as H.R. No. 71, H.D. 1.

Signed by all members of the Committee except Representative Hashimoto.

SCRep. 1138 Education on H.C.R. No. 43

The purpose of this concurrent resolution is to request the Legislative Auditor to review administrative staffing at the State and district offices of the Department of Education with a view toward developing a more rational framework for the efficient use of personnel resources and redeploying all nonessential administrative positions to the classroom in order to reduce the student-teacher ratio.

The Department of Education testified in favor of this concurrent resolution.

Your Committee finds that an independent review of the Department of Education's organization and staffing is necessary in light of recent initiatives to reduce class size. We also find that the audit should consider the impact of Acts 320 and 321, Session Laws of Hawaii 1986, on the staffing of the State and district offices. The concurrent resolution has been amended accordingly.

Your Committee on Education concurs with the intent and purpose of H.C.R. No. 43, as amended herein, and recommends that it be referred to the Committee on Legislative Management, in the form attached hereto as H.C.R. No. 43, H.D. 1.

Signed by all members of the Committee except Representative Hashimoto.

SCRep. 1139 Education on H.R. No. 95

The purpose of this resolution is to request the Department of Education to consider increasing incentives to School Security Attendants and to consider making school security attendants available to all schools on a needs basis regardless of the school's enrollment population.

Information provided to your Committee indicates that the intent of this resolution is to request the Department of Education to consider increasing incentives to the part-time employees of the Adult Supervisors Program. This resolution and its title have been amended accordingly.

Your Committee on Education concurs with the intent and purpose of H.R. No. 95, as amended herein, and recommends that it be referred to the Committee on Finance, in the form attached hereto as H.R. No. 95, H.D. 1.

Signed by all members of the Committee except Representative Hashimoto.

SCRep. 1140 Education on H.C.R. No. 52

The purpose of this concurrent resolution is to request the Department of Education to consider increasing incentives to school security attendants and to consider making school security attendants available to all schools on a needs basis regardless of the school's enrollment population.

Information provided to your Committee indicates that the intent of this concurrent resolution is to request the Department of Education to consider increasing incentives to the part-time employees of the Adult Supervisors Program. This concurrent resolution and its title have been amended accordingly.

Your Committee on Education concurs with the intent and purpose of H.C.R. No. 52, as amended herein, and recommends that it be referred to the Committee on Finance, in the form attached hereto as H.C.R. No. 52, H.D. 1.

Signed by all members of the Committee except Representative Hashimoto.

SCRep. 1141 Higher Education and the Arts on H.R. No. 12

The purpose of this resolution is to request that the Legislative Auditor conduct a financial, management, and program audit of the State Foundation on Culture and the Arts (SFCA).

Your Committee finds that a legislative audit of the SFCA was conducted over ten years ago to ensure that public funds were being expended for the greatest benefit to all. That audit noted certain problems in the SFCA. Although it appears that much progress has been made, no further review has been mandated by the Legislature since that time.

Testimony was received from the SFCA stating that its Board would cooperate fully with the Legislative Auditor's staff should your Committee feel an audit of this scope is warranted. The Arts Council of Hawaii also submitted testimony in conditional support of the resolution. They pointed out "that much of the dissension in Hawaii's art community concerning the State arts agency relates ultimately to funding issues and points up a fact emphasized and indeed being partially addressed through other measures in this session to increase public support for the arts where it is most needed."

The resolution has been amended to incorporate some language addressing concerns that have been expressed to your Committee, such as, the possibility that some criticisms may stem from a lack of information or understanding of the SFCA's policies and purposes, and the criticism from those within the artistic community who feel favoritism is shown in the selection process toward artwork predominately reflecting a Western influence.

The language of the resolution has also been amended to instill a more appropriate tone in requesting an audit and to be sensitive to the SFCA's often difficult position within the artistic community. Your Committee has further amended the resolution for purposes of style and clarity.

Your Committee on Higher Education and the Arts concurs with the intent and purpose of H.R. No. 12, as amended herein, and recommends that it be referred to the Committee on Legislative Management, in the form attached hereto as H.R. No. 12, H.D. 1.

Signed by all members of the Committee.

SCRep. 1142 Planning, Energy and Environmental Protection on H.R. No.
14

The purpose of this resolution is to request the Legislative Reference Bureau to formulate recommendations toward the development of programs which would provide the financing mechanisms for consumers and producers of electricity to establish alternate energy and energy conservation technologies in Hawaii.

Your Committee finds that a major goal of the State is to reduce Hawaii's dependency on petroleum as its primary source of energy. Despite this objective, however, progress in the establishment of an alternate energy industry in Hawaii has not proceeded as rapidly as anticipated.

Your Committee further finds that in some areas of the United States, electric utilities have become a major source of financing for alternate energy and conservation improvements. These programs typically offer loans for energy conservation renovations or for the installation of energy efficiency equipment such as solar energy systems. Your Committee finds that the establishment of programs similar to these in Hawaii would provide benefits to individual consumers of electricity as well as the alternate energy industry as a whole.

Your Committee on Planning, Energy and Environmental Protection is in accord with the intent and purpose of H.R. No. 14 and recommends that it be referred to the Committee on Legislative Management.

Signed by all members of the Committee.

SCRep. 1143 Planning, Energy and Environmental Protection on H.C.R.
No. 2

The purpose of this concurrent resolution is to request the Legislative Reference Bureau to formulate recommendations toward the development of programs which would provide the financing mechanisms for consumers and producers of electricity to establish alternate energy and energy conservation technologies in Hawaii.

Your Committee finds that a major goal of the State is to reduce Hawaii's dependency on petroleum as its primary source of energy. Despite this objective, however, progress in the establishment of an alternate energy industry in Hawaii has not proceeded as rapidly as anticipated.

Your Committee further finds that in some areas of the United States, electric utilities have become a major source of financing for alternate energy and conservation improvements. These programs typically offer loans for energy conservation renovations or for the installation of energy efficiency equipment such as solar energy systems. Your Committee finds that the establishment of programs similar to these in Hawaii would provide benefits to individual consumers of electricity as well as the alternate energy industry as a whole.

Your Committee on Planning, Energy and Environmental Protection is in accord with the intent and purpose of H.C.R. No. 2 and recommends that it be referred to the Committee on Legislative Management.

Signed by all members of the Committee.

SCRep. 1144 Intergovernmental Relations on H.R. No. 182

The purpose of this resolution is to have the House Committee on Intergovernmental Relations conduct an interim study of the current categorization of parks throughout the State.

Also, the resolution requires that the House Committee on Intergovernmental Relations submit a report of its findings and recommendations to the Legislature no later than 20 days prior to the convening of the Regular Session of 1988.

Your Committee heard testimony from the Board of Land and Natural Resources and the Sierra Club, Hawaii Chapter, in support of this resolution.

Your Committee on Intergovernmental Relations concurs with the intent and purpose of H.R. No. 182 and recommends that it be referred to the Committee on Legislative Management.

Signed by all members of the Committee.

SCRep. 1145 Intergovernmental Relations on H.C.R. No. 106

The purpose of this concurrent resolution is to have the House Committee on Intergovernmental Relations conduct an interim study of the current categorization of parks throughout the State.

Also, the concurrent resolution requires that the House Committee on Intergovernmental Relations submit a report of its findings and recommendations to the Legislature no later than 20 days prior to the convening of the Regular Session of 1988.

Your Committee heard testimony from the Board of Land and Natural Resources and the Sierra Club, Hawaii Chapter, in support of this concurrent resolution.

Your Committee on Intergovernmental Relations concurs with the intent and purpose of H.C.R. No. 106 and recommends that it be referred to the Committee on Legislative Management.

Signed by all members of the Committee.

SCRep. 1146 Higher Education and the Arts on H.C.R. No. 5

The purpose of this resolution is to request that the Legislative Auditor conduct a financial, management, and program audit of the State Foundation on Culture and the Arts (SFCA).

Your Committee finds that a legislative audit of the SFCA was conducted over ten years ago to ensure that public funds were being expended for the greatest benefit to all. That audit noted certain problems in the SFCA. Although it appears that much progress has been made, no further review has been mandated by the Legislature since that time.

Testimony was received from the SFCA stating that its Board would cooperate fully with the Legislative Auditor's staff should your Committee feel an audit of this scope is warranted. The Arts Council of Hawaii also submitted testimony in conditional support of the concurrent resolution. They pointed out "that much of the dissension in Hawaii's art community concerning the State arts agency relates ultimately to funding issues and points up a fact emphasized and indeed being partially addressed through other measures in this session to increase public support for the arts where it is most needed."

The concurrent resolution has been amended to incorporate some language addressing concerns that have been expressed to your Committee, such as, the possibility that some criticisms may stem from a lack of information or understanding of the SFCA's policies and purposes, and the criticism from those within the artistic community who feel favoritism is shown in the selection process toward artwork predominately reflecting a Western influence.

The language of the concurrent resolution has also been amended to instill a more appropriate tone in requesting an audit and to be sensitive to the SFCA's often difficult position within the artistic community. Your Committee has further amended the concurrent resolution for purposes of style and clarity.

Your Committee on Higher Education and the Arts concurs with the intent and purpose of H.C.R. No. 5, as amended herein, and recommends that it be referred to the Committee on Legislative Management, in the form attached hereto as

H.C.R. No. 5, H.D. 1.

Signed by all members of the Committee.

SCRep. 1147 Transportation on H.R. No. 169

The purpose of this resolution is to request that the Department of Education study the concept of longer school hours and a longer school day.

The Department of Education and the Hawaii State Teachers Association testified in favor of this resolution. Since the study would include an examination of potential impacts on collective bargaining, the resolution has been amended to request that the study be conducted in cooperation with the Hawaii State Teachers Association, the Hawaii Congress of Parents, Teachers and Students, and Hawaii State Student Council.

Your Committee finds that longer school days and a longer school year is a concept worthy of serious consideration.

Your Committee on Education concurs with the intent and purpose of H.R. No. 15, as amended herein, and recommends its adoption in the form attached hereto as H.R. No. 15, H.D. 1.

Signed by all members of the Committee.

SCRep. 1147A Education on H.R. No. 15

The purpose of this resolution is to request that the Department of Education study the concept of longer school hours and a longer school day.

The Department of Education and the Hawaii State Teachers Association testified in favor of this resolution. Since the study would include an examination of potential impacts on collective bargaining, the resolution has been amended to request that the study be conducted in cooperation with the Hawaii State Teachers Association, the Hawaii Congress of Parents, Teachers and Students, and Hawaii State Student Council.

Your Committee finds that longer school days and a longer school year is a concept worthy of serious consideration.

Your Committee on Education concurs with the intent and purpose of H.R. No. 15, as amended herein, and recommends its adoption in the form attached hereto as H.R. No. 15, H.D. 1.

Signed by all members of the Committee.

SCRep. 1148 Transportation on S.C.R. No. 30

The purpose of this concurrent resolution is to request the United States Department of Transportation and Department of State to grant All Nippon Airways (ANA) a scheduled route to Hawaii.

Your Committee believes that granting All Nippon Airways a scheduled route to Hawaii would assist in increasing the number of visitors from Japan, as no other Japanese airline offers an extensive route network, or the number of domestic flights, as ANA. In addition, ANA is the only Japanese airline with a comprehensive marketing, sales, and service program throughout Japan. As a result of ANA's unique and far-reaching services, new visitor growth for Hawaii would be stimulated through the addition of many new, untouched markets within ANA's vast domestic network of routes.

Furthermore, your Committee finds that All Nippon Airways has demonstrated its commitment to the State as exemplary owners of the Sheraton Makaha Resort and Country Club for the past eight years, having invested over \$10 million in improvements to facilities and currently providing employment for approximately 250 residents. In addition to being in sound economic standing and a good corporate citizen, ANA has also developed a plan to supplement Hawaii's existing visitor industry. Your Committee therefore believes that having All Nippon

processing of travelers, but also to enhance their comfort while waiting. However, the Department testified that their efforts alone are not enough to reduce the delay experienced by foreign visitors and that an increase in the number of federal inspection agents is necessary.

Upon the recommendation of the Department of Transportation, your Committee has amended this resolution as follows:

(1) Increased U.S. Customs personnel has also been requested.

(2) An additional "WHEREAS" paragraph has been added which states that:

"Congressional authorization to collect a head tax to pay for the cost of immigration and customs inspection services has not resulted in an increase in full-time inspectors for Honolulu International Airport..."

(3) Other amendments have been made for purposes of consistency and technical accuracy.

Your Committee on Tourism concurs with the intent and purpose of H.R. No. 128, as amended herein, and recommends its adoption in the form attached hereto as H.R. No. 128, H.D. 1.

Signed by all members of the Committee except Representative Yoshimura.

SCRep. 1150 Agriculture on H.R. No. 151

The purpose of this resolution is to request that a study be conducted by the Legislative Reference Bureau to determine the feasibility of regulating pet lodges.

Your Committee finds that there exists considerable concern on the part of pet owners that pet lodges operating in the state may not be providing appropriate care for pets. It has also been found in some cases that pets are not fed and exercised properly, that owners are overcharged for the boarding, and that the pets are not adequately rid of fleas and ticks.

Your Committee on Agriculture concurs with the intent and purpose of H.R. No. 151 and recommends that it be referred to the Committee on Legislative Management.

Signed by all members of the Committee except Representative Fukunaga.

SCRep. 1151 Labor and Public Employment on H.R. No. 167

The purpose of this House resolution is to request the Legislative Reference Bureau (LRB) to study the feasibility of extending disability benefits equivalent to those provided to State or County employees to volunteers who sustain personal injury while under the direction of a public officer or employee. The resolution also requests the LRB Director to submit a report of the findings and recommendations prior to the 1988 session.

Currently, these volunteers receive reasonable hospital and medical expenses for such personal injuries but do not receive any form of disability benefits.

Your Committee finds that these volunteers provide a much-needed service to the counties and the State, giving of their time and talents without regard to compensation, and it is only fair and reasonable that such persons who are injured are provided for to the same extent as paid employees.

Your Committee on Labor and Public Employment is in accord with the intent and purpose of H.R. No. 167 and recommends that it be referred to the Committee on Legislative Management.

Signed by all members of the Committee.

SCRep. 1152 Labor and Public Employment on H.R. No. 34

The purpose of this resolution is to call upon the United States Congress to

reinstate the three-year basis recovery rule for employee contributions to retirement plans, which was repealed by the Tax Reform Act of 1986.

Prior to the passage of the Tax Reform Act of 1986, all employee contributions received by a retired employee during the first three years of retirement were considered a return of the retired employee's after-tax contributions, and were therefore exempt from taxation. Your Committee finds that this was a fair practice since the earnings contributed had already been taxed at the time they were actually accrued.

Under the Tax Reform Act of 1986, however, the special three-year basis recovery rule was repealed, and replaced by a new system which determines the nontaxable portion of retirement distributions by taking a ratio of the employee's contribution over the accrued benefits at the time of retirement. This ratio is then applied to the actual retirement distribution to determine the portion representing the recovery of the retiree's contributions, and the portion which is taxable.

Your Committee finds that this system, in effect, substantially increases the period over which retirees are able to recover their own contributions, upon which they have already been taxed. Your Committee further finds that requiring retirees, in effect, to proportionately recover their contributions over their expected lifetimes is unfair.

In addition, your Committee further finds that the retroactive clause of the new tax law adds to the unfairness of the repeal of the recovery rule by not providing retirees, who had formulated retirement plans over a period of years, time to adjust prior to the change.

Your Committee on Labor and Public Employment concurs with the intent and purpose of H.R. No. 34 and recommends that it be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 1153 Labor and Public Employment on H.C.R. No. 21

The purpose of this concurrent resolution is to call upon the United States Congress to reinstate the three-year basis recovery rule for employee contributions to retirement plans, which was repealed by the Tax Reform Act of 1986.

Prior to the passage of the Tax Reform Act of 1986, all employee contributions received by a retired employee during the first three years of retirement were considered a return of the retired employee's after-tax contributions, and were therefore exempt from taxation. Your Committee finds that this was a fair practice since the earnings contributed had already been taxed at the time they were actually accrued.

Under the Tax Reform Act of 1986, however, the special three-year basis recovery rule was repealed, and replaced by a new system which determines the nontaxable portion of retirement distributions by taking a ratio of the employee's contribution over the accrued benefits at the time of retirement. This ratio is then applied to the actual retirement distribution to determine the portion representing the recovery of the retiree's contributions, and the portion which is taxable.

Your Committee finds that this system, in effect, substantially increases the period over which retirees are able to recover their own contributions, upon which they have already been taxed. Your Committee further finds that requiring retirees, in effect, to proportionately recover their contributions over their expected lifetimes is unfair.

In addition, your Committee further finds that the retroactive clause of the new tax law adds to the unfairness of the repeal of the recovery rule by not providing retirees, who had formulated retirement plans over a period of years, time to adjust prior to the change.

Your Committee on Labor and Public Employment concurs with the intent and purpose of H.C.R. No. 21 and recommends that it be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 1154 Labor and Public Employment on H.R. No. 84

The purpose of this resolution is to require the Department of Accounting and General Services (DAGS) to develop a plan to provide regular preventive maintenance for all public facilities on a year-to-year basis if possible.

Proper ongoing maintenance will help to: (1) insure the health and safety of persons using these facilities; (2) insure that the agencies housed in these facilities are able to function optimally; (3) insure that the buildings remain in good repair for their lifetimes; and (4) reduce the need for major repairs.

Your Committee received testimony from DAGS to the effect that, while it is responsible for the maintenance of a total of 2,858 buildings, it does not have the responsibility for all public facilities nor does it have the resources necessary to accept this responsibility. DAGS would be able to submit a plan of action for facilities in its AGS-233 and AGS-807 budgetary programs.

Upon further consideration, your Committee has amended this resolution to reflect the concerns of DAGS by limiting the scope of the resolution to only those buildings for which DAGS is currently responsible.

Your Committee on Labor and Public Employment concurs with the intent and purpose of H.R. No. 84, as amended herein, and recommends that it be referred to the Committee on Finance, in the form attached hereto as H.R. No. 84, H.D. 1.

Signed by all members of the Committee.

SCRep. 1155 Labor and Public Employment on H.C.R. No. 47

The purpose of this concurrent resolution is to require the Department of Accounting and General Services (DAGS) to develop a plan to provide regular preventive maintenance for all public facilities on a year-to-year basis if possible.

Proper ongoing maintenance will help to: (1) insure the health and safety of persons using these facilities; (2) insure that the agencies housed in these facilities are able to function optimally; (3) insure that the buildings remain in good repair for their lifetimes; and (4) reduce the need for major repairs.

Your Committee received testimony from DAGS to the effect that, while it is responsible for the maintenance of a total of 2,858 buildings, it does not have the responsibility for all public facilities nor does it have the resources necessary to accept this responsibility. DAGS would be able to submit a plan of action for facilities in its AGS-233 and AGS-807 budgetary programs.

Upon further consideration, your Committee has amended this concurrent resolution to reflect the concerns of DAGS by limiting the scope of the concurrent resolution to only those buildings for which DAGS is currently responsible.

Your Committee on Labor and Public Employment concurs with the intent and purpose of H.C.R. No. 47, as amended herein, and recommends that it be referred to the Committee on Finance, in the form attached hereto as H.C.R. No. 47, H.D. 1.

Signed by all members of the Committee.

SCRep. 1156 Human Services on H.R. No. 252

The purpose of this resolution is to request the House Committee on Human Services to conduct studies in the areas of foster care drift, adult corrections, youth corrections, and long-term care for the elderly during the interim period between the end of the Regular Session of 1987 and the beginning of the Regular Session of 1988. In addition, this resolution provides that the House Committee on Human Services shall report its findings and conclusions to the Legislature twenty days prior to the convening of the Regular Session of 1988.

Your Committee heard testimony by the Department of Social Services and Housing (DSSH) and Executive Office on Aging in support of this resolution. Their testimony also indicated their current plans, efforts and goals regarding issues highlighted in the resolution.

Your Committee has amended the resolution to provide that the Committee conduct the interim studies in consultation with the DSSH, Department of Health, Department of Education, and Judiciary and that certified copies of the resolution be transmitted to the respective heads of these departments.

Your Committee on Human Services concurs with the intent and purpose of H.R. No. 252, as amended herein, and recommends that it be referred to the Committee on Legislative Management, in the form attached hereto as H.R. No. 252, H.D. 1.

Signed by all members of the Committee.

SCRep. 1157 Finance on H.C.R. No. 116

The purpose of this concurrent resolution is to review the present Planning, Programming, and Budgeting (PPB) budget system and recommend change, when necessary, to meet contemporary conditions in the Hawaii State Government and to better serve the Legislature's decision-making responsibility.

Your Committee on Finance is in accord with the intent and purpose of H.C.R. No. 116 and recommends that it be referred to the Committee on Legislative Management.

Signed by all members of the Committee.

SCRep. 1158 Labor and Public Employment on H.C.R. No. 7

The purpose of this concurrent resolution is to request the Legislative Auditor to review and examine the extent to which Hawaii's work force has been excluded from Hawaii's employee benefit programs over the past ten years and to explore alternative means to finance the extension of employee benefit laws to part-time, casual and temporary employees in a fair and equitable manner.

Your Committee reviewed and carefully considered the testimony presented at the hearing and finds that Hawaii's employment security, temporary disability insurance, prepaid health care and other labor laws were initially enacted for humanitarian and liberal purposes designed to preserve and to enhance a fair and decent standard of living for all of Hawaii's work force. However, excluded from the beneficial effects of these humanitarian legislation are part-time, casual or temporary employees.

Your Committee finds that there has been a substantial growth in the number of part-time, casual and temporary employees in the past 10 years, and that at the present time, and as a result of that growth, there is a large segment of Hawaii's work force that does not enjoy the protection and beneficial effects of Hawaii's employee benefit laws.

Your Committee believes that these employees which are largely unrepresented in the collective bargaining process may require the same or similar protection as full-time employees.

Your Committee further believes that a study designed to examine and review the extent to which part-time, casual and temporary workers since 1976 have been excluded under Hawaii's employee benefit laws and to explore alternative means to provide coverage to part-time, casual and temporary employees is timely and in the best interest and welfare of Hawaii's people.

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

Signed by all members of the Committee except Representatives Cachola, Horita, Ihara, Souki, Jones, Marumoto and Medeiros.

SCRep. 1159 Water, Land Use, Development and Hawaiian Affairs on S.B.
No. 594

The purpose of this bill is to clarify the respective roles of the State Land Use Commission and the county councils in approving government housing projects.

Act 93, Session Laws of Hawaii 1986, appears to indicate that the Land Use Commission would supersede the legislative body of the county in approving exemptions for Hawaii Housing Authority's housing projects, as well as any boundary changes in such cases where a boundary change is necessary.

This bill deletes reference to the Land Use Commission in paragraphs 1, 2, and 3 of Section 359G-4.1, Hawaii Revised Statutes, to clarify that it is the county council's kuleana to grant or deny exemptions for government housing projects, and adds a paragraph 4 which states that it is the Commission's responsibility to approve or disapprove a project after the authority has submitted preliminary plans and specifications for the project to the commission for changes in district boundaries within forty-five days.

Your Committee on Water, Land Use, Development and Hawaiian Affairs is in accord with the purpose and intent of S.B. 594, S.D. 1, and recommends that it be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Hashimoto, Kanohe, Lee and Say.

SCRep. 1160 Higher Education and the Arts on S.B. No. 323

The purpose of this bill is to authorize the Board of Regents of the University of Hawaii to waive compliance with the oath of loyalty for aliens, casual and temporary employees, and student helpers employed by the University.

The intent of this bill is to reduce the need to distract the Governor unnecessarily with minor concerns and to enable the University of Hawaii to assume greater responsibility for its internal management.

Under existing law, waiver of the oath of loyalty may be approved only by the Governor. The University of Hawaii testified that under current practice the Governor has approved waivers on a case-by-case basis for foreign scholars who could not in good conscience or for political reasons sign the oath of loyalty without jeopardizing their status in their country. The Governor has also approved blanket waivers for casual appointments of lecturers who teach courses of short-term duration (approximately 2,000 annually), foreign personnel employed on a temporary basis, and student helpers (between 1,800 and 2,000 annually). This bill will enable the University of Hawaii to make hiring decisions promptly and expedite the payroll process.

Your Committee on Higher Education and the Arts is in accord with the intent and purpose of S.B. No. 323 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Hashimoto, Honda, Lee and Ribellia.

SCRep. 1161 Education on S.B. No. 303

The purpose of this bill is to clarify that a tuberculin test is required for every child prior to school entry.

Currently, there is some confusion regarding when tuberculin testing is required since Section 298-42, Hawaii Revised Statutes, requires tuberculin testing prior to school entry, but Section 298-49, Hawaii Revised Statutes, refers to tuberculin testing in conjunction with immunizations and a physical examination which must be completed within three months of school entry.

Your Committee believes that Section 298-49, Hawaii Revised Statutes, was enacted to address the issue of noncompliance with the provisional entry requirements for immunizations and physical examination, and therefore should not include references to the pre-admission requirement for tuberculin testing.

Your Committee on Education is in accord with the intent and purpose of S.B. No. 303 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representative Hashimoto.

SCRep. 1162 Finance on S.B. No. 91

The purpose of this bill is to formally repeal statutory language which authorizes the Board of Agriculture to grant real property tax exemptions to owners of property suitable for raising certain fruits and nuts.

Your Committee finds that the 1978 constitutional amendments transferred the real property tax functions to the counties. Thus it is inappropriate to have the Board of Agriculture statutorily authorized to grant exemptions from real property taxes as provided in Chapter 154 of the Hawaii Revised Statutes.

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 91 and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 1163 Finance on S.B. No. 983

The purpose of this bill is to conform the language pertaining to group life insurance benefits in Section 87-23, Hawaii Revised Statutes (HRS), to other sections on employee benefit plans governing: (1) health benefits plan (Section 87-22.3, HRS) and (2) dental plan benefits (Section 87-22.5, HRS).

This will eliminate the requirement that the Board of Trustees of the Public Employees Health Fund (Board) purchase four life insurance benefits equal to the amount of the public employer's contribution of \$2.25 per month per employee. Presently, other sections of the Health Fund Law do not contain any references to fixed-dollar contribution amounts.

Deleting the existing reference to the \$2.25 contribution amount for group life insurance benefits enables the Board to purchase group life insurance under a pooled concept for basic benefits and a supplemental plan for excess benefits as may be required by future collective bargaining negotiations. By providing the Board with greater flexibility, this bill will facilitate the more efficient administration of group life insurance programs for public employees.

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 983 and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 1164 Finance on S.B. No. 611

The purpose of this bill is to allow police officers to retire under a service-connected occupational disability in the event of incapacitation due to smoke inhalation and related injures.

Act 152, S.L.H. 1971 protected firefighters and sewer workers by providing that the effects of smoke inhalation or other toxic vapors would be construed as an injury received or disease contracted while in the performance of duty for the purpose of determining occupational disability retirement. This bill corrects the unintentional omission of police officers from the benefits of Act 152 thus affording them the same benefits as firefighters and sewer workers.

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 611, S.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 1165 Finance on S.B. No. 311

The purpose of this bill is to amend Section 89C-2, Hawaii Revised Statutes, to

cover officers and employees in the Excluded Managerial Compensation Plan.

Section 89C-2 specifies the adjustments required or permitted for officers and employees excluded from collective bargaining; however, it does not cover employees in the Excluded Managerial Compensation Plan. The legislative intent of section 89C-2 was that public service employees excluded from collective bargaining should not receive less compensation than comparable level employees covered by collective bargaining. However, the creation of the Excluded Managerial Compensation Plan removed employees under the plan from the coverage of the statute. This bill would remedy that situation.

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 311, S.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 1166 Finance on S.B. No. 301

The purpose of this bill is to amend Section 88-95, Hawaii Revised Statutes, to permit the Employees' Retirement System to withhold health fund insurance premiums from the monthly pension checks of State and County retirees.

Currently, Section 87-4, Hawaii Revised Statutes, requires State and County retirees with less than 10 years of service to pay a portion of their monthly medical plan premiums to the health fund. As a result, these retirees are required to send their premium payments directly to the health fund office each month.

Your Committee finds that a monthly computerized deduction of health fund insurance premiums from the pension checks of State and County retirees would assure timely premium payments, reduce administrative workload of processing cash receipts, and alleviate payment responsibilities of retirees.

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 301, S.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 1167 Judiciary on S.B. No. 351

The purpose of this bill is to include swine and goats to the provisions of Section 142-68 of the Hawaii Revised Statutes, relating to fines for continued trespassing by animals.

Your Committee finds that the bill also repeals Section 142-67 of the Hawaii Revised Statutes, which allows the killing of swine and goats which may inadvertently trespass through no fault of the owner.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 351, S.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 1168 Judiciary on S.B. No. 434

The purpose of this bill is to amend Section 189-16 of the Hawaii Revised Statutes (HRS) to include a general penalty for the violations of sections within Chapter 189, Part 1, HRS. Present statutes do not provide a penalty for violations of the statute. No rules promulgated by the Department of Land and Natural Resources under this section provides for penalties.

The Department of Land and Natural Resources testified that this is a "house-keeping" measure to correct the inadvertent repeal of certain penalties. The repeal resulted from an organizational change in the department that separated aquatic from wildlife resource functions.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 434 and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 1169 Judiciary on S.B. No. 1442

The purpose of this bill is to make the alcohol and highway safety provisions of Chapters 286 and 291 of the Hawaii Revised Statutes applicable to the operators and passengers of mopeds.

This bill will clarify the applicability of current statutes which prohibit operators and passengers of "motor vehicles" from consuming or possessing open receptacles containing alcoholic beverages by including specific references to operators and passengers of mopeds. Your Committee believes that driving a moped under the influence of intoxicating liquor poses a threat to traffic and public safety.

Favorable testimony was presented by the Honolulu Police Department.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 1442, S.D. 2, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 1170 Judiciary on S.B. No. 1530

The purpose of this bill is to add a new section to the laws of the State of Hawaii to restrict access to all State correctional facilities through the posting of signs and the requiring of permission to enter the facility grounds. Violation of this section would be a misdemeanor.

Your Committee heard testimony from the Department of Social Services and Housing (DSSH) in support of this measure. Your Committee agrees that correctional facilities and the grounds that surround them should be areas prohibited from normal public access. By adding this specific section, DSSH will be better equipped to protect the grounds from outside intruders.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 1530, S.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 1171 Judiciary on S.B. No. 1643

The purpose of this bill is to enable the counties to institute a civil fine system for zoning violations, as an alternative to the criminal procedure presently in use.

Your Committee finds that the use of civil fines is effective, efficient and appropriate.

Testimony in support of the measure was received from the Department of Land Utilization of the City and County of Honolulu.

Your Committee is in support of the amendment made by the Senate Committee on Government Operations to delete the provision that would enable the county zoning authority to impose a property lien as a means to collect a delinquent fine. The concern expressed was that a property owner would be responsible for a zoning violation committed by a lessee.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 1643, S.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 1172 Judiciary on S.B. No. 1704

The purpose of this bill is to update and improve the laws relating to the Hawaii State Guard and to promote uniform laws for State and territorial defense

forces.

This bill repeals chapter 122, Hawaii Revised Statutes, relating to the Hawaii State Guard, and substitutes the Model State Defense Force Act provided by the National Guard Bureau.

The Adjutant General of the State of Hawaii testified that the National Guard Bureau is currently pursuing federal legislation which would amend current federal laws governing the State defense forces. One amendment allows for the federal government to provide some level of support to organized State and territorial defense forces. Substituting legislation which conforms to the Model State Defense Force Act would place Hawaii in a better position to be considered for and given federal support.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 1704, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 1173 Consumer Protection and Commerce on S.B. No. 58

The purpose of this bill is to delete the one-month period a holdover tenant is liable for twice the monthly rent, which in effect will allow the landlord to collect twice the monthly rent for as long as the tenant remains in possession as a holdover tenant.

The bill also deletes the provision that the landlord's acceptance of rent after the first month of holdover shall create a month-to-month tenancy. The bill provides instead that if the landlord fails to commence summary possession proceedings within the first sixty days of the holdover, a month-to-month tenancy begins at the end of the first sixty days of holdover.

Under current law, a holdover tenant is liable for twice the monthly rent, computed and prorated on a daily basis for each day of holdover for any period up to one month. Furthermore, the landlord's acceptance of rent in advance after the first month of holdover creates a month-to-month tenancy in the absence of an agreement between parties.

Your Committee has received testimony in support of the bill from the Hawaii Association of Realtors. Your Committee finds that the provisions of this bill benefits the landlord and tenant.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 58 and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 1174 Consumer Protection and Commerce on S.B. No. 1323

The purpose of this bill is to establish a new chapter on limited-equity housing cooperatives and to repeal chapter 421G, Hawaii Revised Statutes, the current provisions relating to limited-equity housing cooperatives.

This bill includes all of the current statutory provisions regarding limited-equity housing cooperatives in the new chapter and also provides for the registration of housing cooperatives with the Real Estate Commission in the same manner as horizontal property regimes as required by chapter 514A, Hawaii Revised Statutes.

Your Committee has received testimony in support of the bill from the Real Estate Commission and other interested parties.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S. B. No. 1323, S.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 1175 Human Services on S.B. No. 1435 (Majority)

The purpose of this bill is to amend Chapter 346, HRS, to (a) repeal the requirement of physician referral to psychologists for Medicaid reimbursement purposes, (b) include psychologists among providers of medical care eligible to receive Medicaid reimbursement, and (c) include psychologists along with psychiatrists as being qualified to determine disability due to mental impairment for the purpose of receiving disability assistance.

Your Committee received voluminous testimony in support of and against passage of S.B. No. 1435. Supportive testimony stated that the physician referral requirement does not serve to protect the public and unfairly restricts the public's access to providers. Those against the bill expressed their concerns that in the interests of their safety and health, patients should first be seen by a physician in order to rule out physical and psychiatric illnesses and medication effects, as well as to assess the usefulness of medication as the treatment of choice, prior to referral to a psychologist.

Your Committee finds that psychologists already have independent provider status under the federal Champus program as well as in private insurance companies, such as HMSA. Your Committee also finds that the current practice of requiring physicians referral for Medicaid reimbursement purposes provides an unnecessary barrier to consumers seeking health care and who would otherwise seek the help of a psychologist.

Your Committee notes that the bill provides for a medical evaluation to eliminate the possibility that the mental impairment is due to a physical illness and finds that the safety and health of the public will be adequately protected under this bill and under the rules of the Department of Social Services relating to the Medicaid program.

Your Committee on Human Services is in accord with the intent and purpose of S.B. No. 1435 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

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

SCRep. 1176 Health on S.B. No. 258

The purpose of this bill is a housekeeping measure to update and strengthen the current provisions covering misbranded foods.

The original intent of this bill was to regulate foreign food products. Earlier hearings resulted in these proposed amendments to the statutes being deleted from the bill.

Your Committee received testimony from the Department of Health in support of the technical changes which update the current provisions of Section 328-10.

Your Committee on Health is in accord with the intent and purpose of S.B. No. 258, S.D. 1, and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Cavasso.

SCRep. 1177 Health on S.B. No. 1733

The purpose of this bill is to allow the Department of Health to annually schedule controlled substances and to permit temporary scheduling of these substances prior to the regular session of the Legislature.

Currently, only the Legislature has the authority to add, delete, or reschedule controlled substances. This bill will extend this authority to the Department of Health on an temporary basis, thirty days after the final order of action on the federal level as published in the Federal Register. The next Legislature will be required to amend the Hawaii Revised Statutes accordingly if the amendment of the controlled substances list is to remain law.

Your Committee received testimony in support of this bill from the Department of Health and finds that temporary scheduling is necessary to allow the use of federally approved life saving drugs pending the approval of the Legislature. Your Committee also finds that without this measure, contraband drugs which have not been approved for scheduling by the Legislature cannot be confiscated and the possessor would go unpunished.

Your Committee on Health is in accord with the intent and purpose of S.B. No. 1733, S.D. 1, and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1178 Health on S.B. No. 349 (Majority)

The purpose of this bill is to outline the requirements of the single executive to be known as the Director of Health. This individual will have a professional health background and full time experience of at least five years in community health, public health administration or related experience.

Currently, there is no specific requirements for the health director.

The requirement for a health professional to direct the Department of Health was dropped from the statutes in 1974. Since that time there has not been a public health or medically qualified director for this department. The health of the population of our State is of paramount importance to this Committee. The director of this department must constantly face a wide variety of complex issues and problems. The scope of these issues includes control of epidemics, operations of community hospitals and medical facilities, pollution management, sanitation, vector control, the provision of services for the mentally ill, developmentally disabled, crippled and handicapped individuals, food and drug administration, nursing services, sexually transmitted diseases and many others.

Your Committee received testimony in support of this bill from the Health Department, the Hawaii Medical Association and the Hawaii Psychological Association.

Your Committee believes that requiring the Director of Health to have experience and professional background in health or medicine will still allow for a full range of candidates and at the same time ensure that the individual will have appropriate knowledge and insight of the issues and problems of public health.

Your Committee on Health is in accord with the intent and purpose of S.B. No. 349, S.D. 1, and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Cavasso.
(Representative M. Ige did not concur.)

SCRep. 1179 Transportation on S.B. No. 1749

The purpose of this bill is to remove the existing statutory exemption of commercial and "for hire" vehicles from mandatory seat belt use. This bill also provides a definition for emergency and mass transit vehicles.

At the present time, the existing statute offers no definition of emergency, commercial, "for hire", or mass transit vehicles. This has resulted in confusion as to the applicability of the seat belt law.

The measure would rectify this problem by providing definitions for emergency and mass transit vehicles, and by reducing the number of vehicle classifications which are exempted from the seat belt use requirement. Vehicles classified as commercial or "for hire" would no longer be exempted, as there is no reasonable justification for exempting them from the law, while still requiring compliance by similar vehicles which are used only for personal purposes.

In addition, existing statutory language specifically exempting Type I school buses from the seat belt use requirement would be deleted, as Type I school buses are more properly defined, as proposed, as mass transit vehicles. Type I school buses would thereby be exempted from the requirement due to its proposed

classification as a mass transit vehicle.

Your Committee received testimony from the Department of Transportation, Department of the Prosecuting Attorney of the City and County of Honolulu, and Hawaii Transportation Association in support of this bill.

Your Committee on Transportation is in accord with the intent and purpose of S.B. No. 1749, S.D. 1, and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1180 Transportation on S.B. No. 239

The purpose of this bill is to change the certification requirement (safety check) period from six months to twelve months for motor vehicles ten years of age or older.

The recently proposed changes to the vehicle safety inspection program, offered by the Department of Transportation, has met significant opposition from consumers and businesses statewide. While the majority of the complaints dealt with specific changes to the existing program, a significant amount of concern was raised over the long-standing statutory requirement that vehicles ten years of age and older be inspected every six months.

Your Committee finds that while many owners maintain their older cars in good, safe operating condition, the vehicle inspection certification process serves a necessary public purpose. However, your Committee further finds that since there is no statistical evidence to justify a more stringent requirement for older vehicles, said vehicles ten years of age or older need not be included in the category requiring inspection and certification every six months.

Testimony was received from the Department of Transportation, the Hawaii Automobile Dealers Association, and the Hawaii Automotive and Retail Gasoline Dealers Association in support of this bill.

Your Committee on Transportation is in accord with the intent and purpose of S.B. No. 239, S.D. 1, and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1181 Transportation on S.B. No. 156

The purpose of this bill is to require the seller of a salvage vehicle to notify the purchaser, in writing, of the statutory requirements for the recertification of salvage vehicles. In addition, for total loss insurance settlements in which an insured or a claimant for property damage caused by the insured retains the salvage vehicle, this bill would require the insurance company: (1) to notify the person retaining the vehicle, in writing, of the recertification requirements; and (2) to notify the appropriate county director of finance of the retention of the salvage vehicle by the claimant.

The notification requirements contained in this bill will ensure that all persons holding title to a salvage vehicle are informed of the statutory requirements for recertification. Your Committee believes that such notification will prevent ill informed individuals from wasting time and money on vehicle repairs which will not meet statutory requirements for recertification of salvage vehicles.

Your Committee on Transportation is in accord with the intent and purpose of S.B. No. 156, S.D. 1, and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1182 Labor and Public Employment on S.B. No. 1176

The purpose of this bill is to include the classification and salary schedules of

teachers as items of negotiations in collective bargaining.

Under present law, matters of classification and reclassification and salary ranges are not subjects of negotiations. However, the number of incremental and longevity steps, the amount of wages to be paid in each salary range and step, and movement between steps within salary ranges are negotiable.

The present bill amends chapter 89, HRS, by excluding classification and salary ranges of teachers from the provisions on excluded subjects of negotiations and by repealing present law on classification of teachers, salary ranges of teachers and teachers' salary schedules.

Your Committee on Labor and Public Employment is in accord with the intent and purpose of S.B. No. 1176, S.D. 1, and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Horita and Jones.

SCRep. 1183 Labor and Public Employment on S.B. No. 1388

The purpose of this bill is to mandate that the construction and interpretation as well as the system of personnel administration of the civil service and compensation laws be uniform for the State and the counties.

Currently, the uniformity of these provisions is merely stated as legislative intent. Your Committee finds that mandating such uniformity is necessary to reduce the development of inconsistent provisions and to reduce inconsistent application of administrative rules. Such uniformity will also provide that all rules take effect on the same date, reducing the current lag in time between adoption of the same rules by various jurisdictions thereby providing cost savings in the publication of new personnel rules and amendments.

Your Committee on Labor and Public Employment is in accord with the intent and purpose of S.B. No. 1388, S.D. 1, and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Horita.

SCRep. 1184 Labor and Public Employment on S.B. No. 999

The purpose of this bill is to expand the circumstances of work separation under which an employee shall have the right to have the employee's name placed on a reemployment list.

Your Committee heard supporting testimony from the Director of Personnel Services and finds that this bill will clarify that a regular employee terminated because of non-work related injury and for whom there is no other available work that the employee is capable of performing, is entitled to have the employee's name placed on the appropriate reemployment list for a period of three years after the termination.

Your Committee on Labor and Public Employment is in accord with the intent and purpose of S.B. No. 999 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Horita.

SCRep. 1185 Labor and Public Employment on S.B. No. 310

The purpose of this bill is to prevent reports which are prepared by the Department of Labor and Industrial Relations in administering the Boiler and Elevator Safety Law from being used in civil litigation.

Currently, statements and reports received by the Department in administering the Boiler and Elevator Safety Law are prohibited from being used in civil litigation. This bill extends the same protection to reports prepared by the Department.

Your Committee heard supporting testimony from the Department of Labor and Industrial Relations and finds that the Department is experiencing an increasing number of requests for information related to civil litigation. It further finds that the bill will address the Department's concerns by protecting only those documents and reports that are prepared by the Department.

Your Committee on Labor and Public Employment is in accord with the intent and purpose of S.B. No. 310 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1186 Labor and Public Employment on S.B. No. 307

The purpose of this bill is to prohibit an employer from charging a job application fee.

Testimony from the Department of Labor and Industrial Relations indicated that there are some employers who presently charge a fee for application processing. If this practice becomes widespread, employers will be able to collect substantial sums from hopeful job applicants, most of whom will not obtain the job for which an application fee was paid. Your Committee finds that this practice should be curtailed in order to prevent the exploitation of job seekers.

Your Committee on Labor and Public Employment is in accord with the intent and purpose of S.B. No. 307, S.D. 1, and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Horita.

SCRep. 1187 Labor and Public Employment on S.B. No. 309

The purpose of this bill is to prevent reports which are prepared by the Department of Labor and Industrial Relations in administering the Hawaii Occupational Safety and Health Law from being used in civil litigation.

Currently, statements and reports received by the Department in administering the OSHA law are prohibited from being used in civil litigation. This bill extends the same protection to reports prepared by the Department.

Your Committee heard supporting testimony from the Department of Labor and Industrial Relations and finds that the Department is experiencing an increasing number of requests for information related to civil litigation. It further finds that this bill will address the Department's concerns by protecting only those documents and reports that are prepared by the Department.

Your Committee on Labor and Public Employment is in accord with the intent and purpose of S.B. No. 309, S.D. 1, and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1188 Consumer Protection and Commerce and Judiciary on S.B. No. 448

The purpose of this bill, as received by your Committees, is to make technical language changes to Section 487-14, Hawaii Revised Statutes, relating to restitution.

Specifically, the bill deletes the word "testified" and inserts the words "submits proof of entitlement to restitution".

Current language could be interpreted to mean testimony must be given in person. The new language will allow the submission of an affidavit or some other form of proof.

The bill also deletes the words "sustained damages" and inserts the words "is injured" for clarity.

Your Committees received testimony from the Director of the Office of Consumer Protection in favor of this bill.

Your Committees on Consumer Protection and Commerce and Judiciary are in accord with the intent and purpose of S.B. No. 448, S.D. 1, and recommend that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committees except Representative Yoshimura.

SCRep. 1189 Consumer Protection and Commerce and Judiciary on S.B. No. 1001

The purpose of this bill is as follows:

- (1) To amend the definition of "household pests" by deleting the term "pests", and replacing it with the term "insects and microbes";
- (2) To delete "infections" from the definitions of "pest control";
- (3) To authorize the Board of Pest Control (Board) to deny a license if a person does not possess a history of honesty, truthfulness, financial integrity, and fair dealing;
- (4) To delete the provision which prohibits the Board from requiring an applicant to furnish a statement of the applicant's financial condition;
- (5) To establish a right to notice and a hearing in every case where the Board denies or refuses to grant or renew a license;
- (6) To create a penalty of imprisonment for not more than six months or both imprisonment and fine for a violation of chapter 460J, Hawaii Revised Statutes.

Your Committees received testimony in support of the bill from the Board of Pest Control. Your Committees find that the provisions of the bill will reflect more accurately what is being done in the pest control industry and will aid the Board with its licensing.

Your Committees on Consumer Protection and Commerce and Judiciary are in accord with the intent and purpose of S.B. No. 1001, S.D.1, and recommend that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committees.

SCRep. 1190 Consumer Protection and Commerce on S.B. No. 1224

The purpose of this bill, as received by your Committee, is to clarify the existing statute relating to the authorized functions of physician assistants by more clearly defining the exceptions under which a physician assistant shall not be allowed to provide certain services. Specifically, a physician assistant would not be allowed to conduct procedures for final refraction resulting in a prescription for spectacles, contact lenses, or visual training as performed by an oculist or optometrist licensed by the State.

This exception is not intended to prohibit simple measuring tasks, but instead, to stop specific professional activities such as prescription unless performed by a licensed oculist or optician.

Your Committee received testimony from the Board of Medical Examiners, Board of Examiners in Optometry, Hawaii Optometric Association, and Hawaii Medical Association in support of this bill.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 1224, S.D. 1, and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Yoshimura and Jones.

SCRep. 1191 Consumer Protection and Commerce on S.B. No. 444

The purpose of this bill, as received by your Committee, is to amend existing provisions and add new provisions for the purpose of clarifying current procedures and practices regarding application for, and maintenance of, barber registration.

The substantive provisions of the bill are as follows:

- (1) Amends the definition of "barber shop" to permit the practice of cosmetology in barber shops;
- (2) Authorizes the Board of Barbers (Board) to administer temporary permits to practice barbering;
- (3) Provides specific exceptions as to where a barber may practice outside of a barber shop;
- (4) Provides an appeal procedure for denial or refusal of a temporary permit;
- (5) Deletes the requirement that applicants before the Board must submit proof of freedom from infections or contagious diseases;
- (6) Requires a passport sized photograph instead of two photographs to be submitted with an application;
- (7) Provides more flexibility to the Board in administering its examination;
- (8) Deletes apprentice examinations because an apprentice should be examined after completing barber training;
- (9) Deletes the requirement that prohibits a barber from another state from practicing barbering after failing the required examination three times;
- (10) Requires a fee for temporary permits; and
- (11) Clarifies the issuance of temporary permits to out-of-state applicants and lowers the age requirement for temporary permits from eighteen to seventeen.

Your Committee has received testimony from the Department of Commerce and Consumer Affairs and the Hawaii Institute of Hair Design in favor of this bill.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 444, S.D. 1, and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Yoshimura and Jones.

SCRep. 1192 Consumer Protection and Commerce on S.B. No. 393

The purpose of this bill is to ensure the continuation of the Board of Veterinary Examiners and its power and authority as provided in chapter 471, Hawaii Revised Statutes, by providing that the chapter shall be repealed effective December 31, 1997.

The bill authorizes any certified scientist or professional in animal care to practice in this State when in consultation or under the sponsorship of veterinarians of this State; provided the certified scientist or professional in animal care does not open an office in this State.

Your Committee has received testimony in favor of the bill.

Your Committee finds that this bill will encourage people with special expertise to practice locally in consultation or under the sponsorship of local veterinarians.

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

Signed by all members of the Committee except Representatives Yoshimura and Jones.

SCRep. 1193 Consumer Protection and Commerce and Judiciary on S.B. No. 419

The purpose of this bill is to allow the use of the security deposit as the last month's rent when mutually agreed upon by the landlord and tenant.

Current law restricts the use of the security deposit as the last month's rent.

This bill provides that a tenant may apply the security deposit towards the payment of the last month's rent if the landlord and tenant agree to do so in writing and the tenant gives 45 days notice that by entering such an agreement, the landlord does not otherwise waive the right to pursue legal remedies against the tenant for any damages the tenant causes.

Your Committees received testimony from the Department of Commerce and Consumer Affairs in support of this bill.

Therefore, your Committees on Consumer Protection and Commerce and Judiciary are in accord with the intent and purpose of S. B. No. 419, and recommend that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committees.

SCRep. 1194 Consumer Protection and Commerce on S.B. No. 522

The purpose of this bill, as received by your Committee, is to strengthen the laws relating to the liquidation of state-chartered banks.

Specifically, the bill:

1. Adds a new section to chapter 403, Hawaii Revised Statutes, setting forth a list of specific priorities common in depositor preference legislation. This new section will enable the Federal Deposit Insurance Corporation (FDIC), as receiver of a failed bank, to wind up more efficiently the affairs of the receivership.
2. Amends Section 403-192, Hawaii Revised Statutes, to delete the requirement of a notice to depositors, creditors and other interested persons prior to a bank closing.
3. Provides the failed bank with an opportunity to apply to the circuit court to enjoin further proceedings within ten days after the bank is closed.
4. Provides a remedy for an aggrieved bank, but does not jeopardize the FDIC's efforts to effect a purchase and assumption transaction which is the best transaction for maintaining banking services in the community.
5. Amends Section 403-197, Hawaii Revised Statutes, to exempt the FDIC from the requirement of posting of a bond. The FDIC in its role as receiver, and insurer of deposits should not be required to post a bond.

This bill will improve Hawaii laws relating to depositor preferences and liquidation in a closed bank context.

Your Committee has received favorable testimony from the Department of Commerce and Consumer Affairs, Hawaii Bankers Association and other interested parties.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S. B. No. 522 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1195 Consumer Protection and Commerce on S.B. No. 525

The purpose of this bill, as received by your Committee, is to specify that whenever an insurance policy contains a provision for waiving premium payments during the period of the policyholder's total and permanent disability, the waiver shall be in effect throughout the period of the disability. To qualify for the waiver, the policyholder would be required to submit a certificate from a physician acceptable to the insured and the insurer, attesting to the degree and duration of the disability.

This provision would apply to all insurance policies in existence on January 1, 1987 and issued thereafter. Moreover, the bill specifies that a refund of premiums paid after the date the qualifying disability was diagnosed is to be made, even if the claim for disability is filed after expiration of the grace period, if the policyowner has demonstrated good faith or honest error in late filing.

Your Committee received testimony from the Insurance Commissioner and other interested parties in support of this bill.

Your Committee on Consumer Protection and Commerce is in accord with the purpose and intent of S.B. No. 525, S.D. 1, and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Yoshimura.

SCRep. 1196 Consumer Protection and Commerce on S.B. No. 632

The purpose of this bill, as received by your Committee, is to allow insurers to invest in bonds or evidences of debt secured by real property located in Guam.

Current law allows insurers the opportunity to invest its funds in first mortgages or real property located within the United States. Certain domestic insurance companies are licensed to do business in Guam, and this bill would enable them to invest funds in Guam as well.

Your Committee received testimony from the Department of Commerce and Consumer Affairs and other interested parties in favor of this bill.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 632, S.D. 1, and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Yoshimura.

SCRep. 1197 Consumer Protection and Commerce on S.B. No. 727

The purpose of this bill, as received by this Committee, is to allow the respective county liquor commissions to consider complaints from the public and reports from the commission inspectors which indicate that noise created by patrons departing from the premises disturbs residents of the area, and to request corrective measures be taken before a premises' liquor license is renewed.

Your Committee received testimony from the Liquor Commission of the City and County of Honolulu, Liquor Dispensers of Hawaii, and Hawaii Hotel Association on this bill.

Your Committee has learned that liquor licenses are renewed annually, and that an establishment that receives complaints regarding excessive noise created by its patrons will be given notice prior to the license renewal date in order to have time to remedy the situation. The Liquor Commission of the City and County of Honolulu has indicated that its procedures allow for a hearing for an establishment to present its case, after which a decision by the Commission will determine whether a license will be renewed.

Your Committee on Consumer Protection and Commerce is in accord with the purpose and intent of S.B. No. 727, S.D. 1, and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Yoshimura.

SCRep. 1198 Consumer Protection and Commerce on S.B. No. 877

The purpose of this bill, as received by your Committee, is to allow manufacturers and rectifiers to import liquor into the State. This bill also provides an effective date retroactive to June 30, 1986, in correlation with the effective date of the gallonage tax on liquor.

Your Committee has received testimony from the Liquor Control Administrator of the City and County of Honolulu and the Wholesale Liquor Dealers Association in favor of this bill.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 877, S.D. 1, and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Yoshimura.

SCRep. 1199 Consumer Protection and Commerce on S.B. No. 956

The purpose of this bill, as received by your Committee, is to expand the definition of "consumer commodity" to include agricultural products, and to authorize the Director of Measurement Standards of the Board of Agriculture to control misbranding by adopting rules, which may:

(1) Require any person involved with a specified consumer commodity to keep adequate records to substantiate its source or the source of the constituents for blends;

(2) Establish fanciful names or terms, and in the case of blends, minimum constituent weight, to be used in labeling to differentiate a specific consumer commodity from an imitation;

(3) Establish requirements to reconcile the respective volumes of specific consumer commodities received versus the total amounts output, either as whole or processed product or as blends; and

(4) Provide for correct and informative labeling of consumer commodities.

Your Committee has received testimony in support of the bill from the Board of Agriculture and the Hawaii Farm Bureau Federation. Your Committee finds that this bill addresses the concerns of Maui onion farmers, Kona coffee growers, and other local businesses regarding the practice of unfair and deceptive misbranding.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 956, S.D. 1, and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Yoshimura and Jones.

SCRep. 1200 Consumer Protection and Commerce on S.B. No. 1023

The purpose of this bill is to provide the fact that a person holds or is required to hold a license or is required to have or keep a receipt or stamp of payment of a special tax at the person's place of business shall be presumptive evidence in any prosecution for violation of chapter 281 that the person is manufacturing, selling or keeping liquor for sale.

Your Committee has learned that problems arise when premises not holding a valid liquor license offer free liquor with meals. Although these premises are required to have the special tax stamp from the federal government, they frequently do not. Because the statutory language specifies those who hold a license or stamp, problems arise with the application of the statute to those who should, by law, have a license or stamp but do not. This bill amends the language of the statute to include those who are required to hold such licenses or stamps but do not have them.

Your Committee has received testimony from the Liquor Commission of the City and County of Honolulu in favor of this bill.

Your Committee on Consumer Protection and Commerce is in accord with the purpose and intent of S.B. No. 1023, S.D. 1, and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Yoshimura.

SCRep. 1201 Consumer Protection and Commerce on S.B. No. 1526

The purpose of this bill is to authorize the Insurance Commissioner to establish and regulate the formation of a risk retention group as a licensed liability insurance company. The bill also requires that prior to offering insurance, a risk retention group shall submit to the Commissioner a plan of operation or a feasibility study for approval.

Your Committee has received testimony in support of the bill from the Insurance Commissioner and the Hawaii Independent Insurance Agents Association.

Your Committee finds that risk retention groups, i.e. self-insured pools for organizations with similar liability risks, are a viable alternative to standard liability insurance and should be allowed in the State.

In October, Congress passed the Liability Risk Retention Act of 1986. The major goal of the legislation was to facilitate alternatives to standard liability insurance for small business, nonprofit organizations, local governments, and professionals whose insurance costs have increased significantly in the past years. Many of these entities are too small to self-insure, and state regulations often limit or eliminate other pooling options. Recognizing this problem, Congress enacted the legislation.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 1526, S.D.2, and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Yoshimura.

SCRep. 1202 Consumer Protection and Commerce on S.B. No. 450

The purpose of this bill is to permit services rendered by any osteopathic physicians's assistant when those services are rendered under the supervision of a licensed osteopath as may be specified by rule or statute. The bill further authorizes the Board of Osteopathic Examiners (Board) to adopt rules to define the type of supervision.

Your Committee has received testimony in support of the Board of Osteopathic Examiners.

Current law permits the employment of physician's assistants in the practice of Osteopathy. However, the law does not provide the specific requirements for the supervision of these assistants. Your Committee finds that this bill will help to ensure that the consumer is well served by the osteopathic profession.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S. B. No. 450 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1203 Consumer Protection and Commerce on S.B. No. 451

The purpose of this bill is strengthen and clarify the statutes governing the practice of psychology. The bill makes the following significant changes:

(1) Provides that the Board of Psychology (Board) shall consist of licensed psychologists having minimum of five years of post-doctoral professional experience, and two lay members who shall not be psychologists or applicants or former applicants for licensure as psychologists;

(2) Authorizes the Board to make decisions on waiver of examinations and

deletes its authority to make recommendations for reciprocity;

(3) Deletes the conditions for which the Board may recommend licensing without written or oral examination of an applicant who has failed an examination, but provides that the applicant may be licensed if certified or licensed in another state;

(4) Provides that a psychologist may petition the Board to have the psychologist's license placed on inactive status without penalty and with possible future reinstatement;

(5) Deletes as grounds for refusal of a license an applicant's habitual use of narcotic drugs or habitual drunkenness, and establishes additional grounds for which the Board may refuse to grant, revoke, or suspend a license; and

(6) Establishes a fine of \$1,000 for each violation of chapter 465, Hawaii Revised Statutes.

Your Committee has received testimony in support of the bill from the Board of Psychology. Your Committee finds that the provisions of the bill will clarify the authority of the Board in its licensure regulation and that some of the provisions are based on recommendations of the American Psychological Association as proposed in its model guidelines for state licensure.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 451 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1204 Consumer Protection and Commerce on S.B. No. 521

The purpose of this bill is to provide an opportunity for a hearing where the Board of Contractors (Board) proposes to revoke or suspend a license or where a license application has been denied. The bill deletes references to refusal to grant a license or to refuse to renew a license.

Currently, the Board must provide a hearing in every case where the Board refuses to renew a contractor's license for failing to pay the renewal fee or submitting required documents. All other grounds for revocation, suspension, and refusal to renew licenses are provided for in Section 444-17, Hawaii Revised Statutes.

Your Committee has received testimony in support of the bill from the Board of Contractors. Your Committee finds that this bill will allow the Board to administer its affairs in a more effective and efficient manner and will ensure expedient compliance by all licensees.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 521, and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1205 Consumer Protection and Commerce on S.B. No. 452

The purpose of this bill, as received by your Committee, is to specify that a person applying for examination by the Board of Dental Hygienists (Board) to receive a license to perform the duties of a dental hygienist in this State must hold a proper certificate or diploma from a dental hygiene school accredited by the American Dental Association (A.D.A.) Commission on Dental Accreditation. In addition, the word "exposed" has been removed to describe the surfaces of the teeth on which the practical examination is based, since the removal of deposits and stains required in the practical examination are for all surfaces of the teeth.

Your Committee received testimony from the Board of Dental Examiners and the Hawaii Dental Hygienists Association in support of the bill.

Therefore, your Committee on Consumer Protection and Commerce is in accord

with the intent and purpose of S. B. No. 452, S.D. 1, and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1206 Consumer Protection and Commerce on S.B. No. 11

The purpose of this bill, as received by your Committee, is to eliminate the July 1, 1987 termination date of Act 107, Session Laws of Hawaii 1984, establishing a system for the arbitration of disputes involving horizontal property regimes.

Your Committee has received testimony from the Real Estate Commission, the Hawaii Association of Realtors, and other interested parties in support of this bill. Your Committee finds that the use of arbitration to settle disputes involving owners of condominiums, associations of condominium owners, boards of directors, and managing agents is a cost-effective, accessible, and efficient forum for conflict resolution that should be continued.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 11, S.D. 1, and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Yoshimura.

SCRep. 1207 Consumer Protection and Commerce on S.B. No. 216

The purpose of this bill as received by this Committee, is to prohibit practices which promote the excessive consumption of liquor on licensed premises by requiring the respective county liquor commissions to adopt rules to prohibit specific liquor promotion practices.

Your Committee received testimony from the Liquor Commission of the City and County of Honolulu, the Liquor Dispensers of Hawaii, the Hawaii Hotel Association and the Department of Health in favor of this bill.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 216, S.D. 1, and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Yoshimura.

SCRep. 1208 Consumer Protection and Commerce on S.B. No. 368

The purpose of this bill, as received by your Committee, is to clarify the terms of credit which must be disclosed when advertising for the credit sale of goods or services primarily for personal, family, or household purposes, under a contract providing for the extension of closed-end credit.

This bill requires the disclosure of the fact that the annual percentage rate may increase after the buyer becomes contractually bound, if the terms of the contract permit such an increase.

Your Committee received testimony from the Director of the Office of Consumer Protection in favor of this bill.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 368 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Yoshimura.

SCRep. 1209 Consumer Protection and Commerce on S.B. No. 366

The purpose of this bill, as received by your Committee, is to provide the Director of the Department of Commerce and Consumer Affairs (DCCA) with the authority to reject a time share developer's application for registration of a time

share plan if a developer does not possess a history of honest, truthfulness, financial integrity and fair dealing.

Your Committee received testimony from the Department of Commerce and Consumer Affairs and other interested parties in support of this bill.

Your Committee concurs that "not possessing a history of honesty, truthfulness, financial integrity, and fair dealing" should mean that "the developer has been a subject of a series of complaints, convictions, or bonding violations in this State or other jurisdictions" and has learned that this definition will be incorporated into the time share administrative rules. This definition will allow more authority to the Director to enforce this statute.

Therefore, your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S. B. No. 366, S.D. 1, and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1210 Consumer Protection and Commerce on S.B. No. 365

The purpose of this bill is to permit a certified athletic trainer to perform within the scope of certification and to permit a person employed as an athletic trainer in any public or private educational institution to administer hot packs, whirlpool, and cold packs, protective taping, and basic first aid intervention, and to act under the direct supervision of a certified athletic trainer or team physician.

Under current law, uncertified athletic trainers are allowed unrestricted practice of all physical therapy services. This bill will clarify the different duties and responsibilities of a certified and uncertified trainer.

Your Committee has received testimony in support of the bill from the Board of Physical Therapy.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 365, S.D.1, and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Yoshimura and Jones.

SCRep. 1211 Judiciary on S.B. No. 856

The purpose of this bill is to stiffen the penalties for persons convicted of violations of Chapter 842, HRS, relating to organized crime.

Under present law, a violator of Chapter 842 faces the standard penalty for a class B felony, namely a possible maximum of ten (10) years incarceration, and/or \$10,000 in fines. This bill, however, requires imposition of both a fine and the jail sentence without possibility of parole. Forfeiture provisions in the present law remain intact.

Testimony was received in support of the measure from the State Attorney General, the Honolulu Prosecuting Attorney's Office and the Honolulu Police Department.

Violation of Chapter 842, HRS, relating to organized crime is a serious offense and therefore the stiffer penalties in this bill reflect the continuing concerns of the Legislature that organized crime and racketeering activities will not be treated lightly. Your Committee hopes that these stronger measures will have a profound effect on those individuals involved in such activities.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 856, S.D. 1, and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1212 Judiciary on S.B. No. 66

The purpose of this bill is to provide that a person who fails to appear for any subsequent answer, hearing, or trial date set by a court for a traffic violation is guilty of a violation as provided in the Hawaii Penal Code. This bill further provides that this provision shall not affect the power of the court to regulate its proceedings and to punish any person whose failure to appear delays proceedings before the court.

Your Committee heard testimony in support of this measure from the Judiciary and the Department of the Prosecuting Attorney of the City and County of Honolulu.

Your Committee finds that the amendments to Section 291C-166 of the Statewide Traffic Code clarifies that a defendant who fails to return to court as ordered is guilty of the same violation as one who fails to make an initial appearance.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 66 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1213 Judiciary on S.B. No. 65

The purpose of this bill is to amend Section 571-84, Hawaii Revised Statutes, to provide authority for the selective disclosure of the disposition of a case involving a minor defendant upon written request by a party directly concerned.

Your Committee received favorable testimony from the Honolulu Prosecuting Attorney and the senior family court judge. The present law makes no provision for such disclosure when the minor has not been adjudicated a law violator and before the termination of proceedings. Your committee finds that such provision is in order in light of the policy recognizing the rights of victims. Furthermore, the selective nature of such disclosure does not impinge upon the minor's right to confidentiality.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 65 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1214 Judiciary on S.B. No. 45

The purpose of this bill is to amend chapter 573, HRS, relating to married women, by transferring the provisions to chapter 572, HRS, relating to marriage and by renumbering those sections not previously renumbered in 1984 to Sections 572-25, -26, -27, -28 and -29. This bill also degenders the language of these sections.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 45 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1215 Judiciary on S.B. No. 125

The purpose of this bill is to codify a recent holding of the Supreme Court of the State of Hawaii as it pertains to Section 663-14, Hawaii Revised Statutes.

Specifically, the bill amends the language of Section 663-14, HRS, to reflect the proposed clarification by inserting the phrase, "joint tortfeasors or".

Your Committee believes that it would be beneficial to amend Section 663-14 to make it clear that multiple releases of joint tortfeasors shall be treated as a single release for purposes of the reduction of a judgment against remaining joint tort-

feasers.

Your Committee received testimony from the Hawaii Academy of Plaintiffs' Attorneys in support of this measure.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 125 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1216 Judiciary on S.B. No. 784

The purpose of this bill is to extend the time period applicable to the offense of gambling in the first degree from one day to seven days. The bill also amends the offense of gambling in the second degree by adding the word "advances or" before "profits from gambling" in Section 712-1222, HRS.

Your Committee received testimony from the Department of the Prosecuting Attorney, City and County of Honolulu in support of the bill. They testified that the one-day period is often difficult to prove and extending the time period would allow for more effective law enforcement. The Department of the Prosecuting Attorney also supported conforming the language of promoting gambling in the first and second degrees so that if evidence is not sufficient to prove the first degree offense, a defendant could be found guilty of the second degree offense.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 784, and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1217 Judiciary on S.B. No. 1095

The purpose of this bill is to give the Department of Health legal authority to require that certain standards be met for the appointment of psychiatrists and psychologists to sanity commissions.

This bill amends certain sections of the Hawaii Revised Statutes to provide for certification by the Department of Health of psychiatrists, psychologists or qualified physicians as "certified sanity examiners." The bill also requires the appointment of such certified examiners for any criminal responsibility or mental fitness examination.

Currently, the law requires that a sanity examiner appointed to a sanity commission be a licensed psychologist or a qualified physician or psychiatrist. However, persons who serve on sanity commissions need not necessarily be trained or experienced specifically in the area of criminal responsibility. This has on occasion resulted in questionable recommendations and opinions given by mental health professionals.

The Department of Health supports this measure which they feel will provide additional assurance of qualified testimony by the appointed examiners.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 1095, S.D. 1, and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1218 Judiciary on S.B. No. 436

The purpose of this bill is to correct references in various sections of the Hawaii Revised Statutes which refer to chapter 191 which was repealed by Act 174, Session Laws of Hawaii 1985.

Your Committee received testimony from the Department of Land and Natural Resources in support of this measure.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 436, S.D. 1, and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1219 Judiciary on S.B. No. 1145

The purpose of this bill is to reduce costs incurred in producing ballots by (1) making it possible to consolidate constitutional and city and/or county amendments on a reduced number of ballot cards; and (2) permitting parties and nonpartisan candidates to be combined on a ballot.

The present definition of ballot specifies that a ballot may consist of one or more cards depending on the number of offices, candidates, questions or issues. The Attorney General has narrowly construed the definition to mean that constitutional amendments be placed on a separate ballot card from those containing city and/or county charter amendments. This results in increased election costs, especially for the counties who pay for the full cost of their charter amendment ballots.

Your Committee feels that the second change to allow parties and non-partisan candidates to be placed on separate ballots or to be combined on a ballot would provide increased flexibility in choosing ballot format.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 1145, and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1220 Judiciary on S.B. No. 1139

The purpose of this bill is to propose an amendment to the Constitution of the State of Hawaii to eliminate the one-year residency requirement for voting.

Your Committee heard testimony from the Office of the Lieutenant Governor regarding the United States Supreme Court case of Dunn v. Blumstein, 405 U.S. 330 (1971), which effectively made the one-year residency requirement unconstitutional. Since that case, the residency requirement has not been enforced although the wording has remained in the State Constitution.

Your Committee finds that this is basically a housekeeping measure which will bring our State Constitution in line with the ruling of the U.S. Supreme Court.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 1139 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1221 Finance on S.B. No. 82

The purpose of this bill is to repeal Section 235-110. 5, Hawaii Revised Statutes, which provides a tax credit equal to four percent of the gross sale price of items such as glue, paints, and solvents which can be abused by inhalation, provided that substances have been added to deter such abuse.

Your Committee heard testimony from the Director of Taxation and the Tax Foundation of Hawaii supporting the repeal of this section enacted in 1970.

Your Committee concurs with the findings of Senate Standing Committee Report No. 69.

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 82 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1222 Finance on S.B. No. 81

The purpose of this bill is to delete the general excise tax exemptions relating to: (1) radio broadcasters who promote the tourist industry through out-of state broadcasts, HRS 237-23; and (2) sale brooms manufactured by certain blind persons, HRS 237-24; (3) certain manufacturers of pulp and paper, HRS 237-28.

Your Committee find that these tax exemptions have not been used by taxpayers rendering them obsolete. Conforming amendments are made to HRS chapters 235, 241 and 421 to reflect the deletion of these tax exemptions.

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 81, S.D. 1, and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1223 Finance on S.B. No. 140

The purpose of this bill is to amend Section 2 of Act 347, Session Laws of Hawaii 1986, to provide that the appropriations for fiscal year 1986-1987 for capital projects listed under that section shall be deemed to be in thousands of dollars, rather than "in dollars."

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 140, and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1224 Finance on S.B. No. 138

The purpose of this bill is to establish the necessary statutory provisions for the general fund expenditure ceiling, as required by the State Constitution, Article VII, Section 9.

This bill proposes to make permanent the statutory provisions outlining the constitutionally mandated general fund expenditure ceiling by deleting the repeal date of June 30, 1987.

The bill amends the definition of "state growth" to provide that the three-year averaging of total personal income shall use the data for the three calendar years immediately preceding the fiscal year for which appropriations are to be made rather than the three calendar years immediately preceding the legislative session making appropriations.

The bill adds a new section to the law relating to the budget, directing the council on revenues to prepare estimates of total personal income for the calendar year in progress and, when necessary, for the next calendar year, making these reports on July 15 and October 15 of each year.

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 138, S.D. 1, and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1225 Finance on S.B. No. 143

The purpose of this bill is to comply with Article VII, Section 6, of the State of Hawaii Constitution which requires that, whenever the State general fund balance at the close of each of two successive fiscal years exceeds five per cent of general fund revenues for each of the two fiscal years, the Legislature shall provide for a tax refund or a tax credit to the taxpayers of the State in the next regular session.

Your Committee has approved a tax credit in the amount of \$1.00 to qualified resident taxpayers of the State. The amount of the credit shall reduce the tax

liability of the taxpayers for the 1987 taxable year. If the tax credit exceeds the amount of tax due, or if there is no tax due, the excess amount of the credit shall be paid to the qualified taxpayer. The amount of the credit shall be multiplied by the number of qualified exemptions for the taxable year.

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 143, and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1226 Finance on S.B. No. 370

The purpose of this bill is to allocate Hawaii's annual ceiling for tax-exempt private activity bonds among government agencies authorized to issue such bonds; and to reflect the consolidation of all prior ceilings into one ceiling pursuant to the internal revenue code of 1986 by the tax reform act of 1986, P.L. No. 99-514. The bill specifies the relative portions of the annual State allocation that the State and each county may utilize according to a formula using 1986 census information.

The bill also provides the State Legislature with statutory flexibility to provide for reallocation of the annual state ceiling in the event the State or any of the counties require an additional allocation for an eligible private activity.

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 370, S.D. 1, and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1227 Finance on S.B. No. 1757

The purpose of this bill is to increase the maximum amount available under the Capital Loan Program from \$250,000 to \$1,000,000.

The Hawaii Capital Loan Program has proven, since it began in 1963, to be an effective means of providing financial assistance to small businesses for survival and expansion thus generating new job opportunities for Hawaii's residents and resulting in increased tax revenues benefitting the State. The new maximum would provide for more business opportunities and is consistent with legislative efforts to reduce the cost of doing business in Hawaii.

Your Committee on Finance is in accord with the intent and purpose of S.B. No. 1757, S.D. 1, and recommends that it pass Second Reading, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1228 Water, Land Use, Development and Hawaiian Affairs on H.R.
No. 30 (Majority)

The purpose of this resolution is to ask the Department of Land and Natural Resources to transfer public property known as the "Old Government Road" to the City and County of Honolulu for use as a public park.

Your Committee finds that the State Supreme Court has determined that the Old Government Road is a public right-of-way. Your Committee believes that public access to public beaches is a vital recreation resource and that this property should be retained in public ownership for public recreational use. Your Committee has amended the resolution to reflect that transfer to the City and County of Honolulu is only one of several alternative approaches to preserving the public's rights to this property. Your Committee has also changed the title of the resolution.

Your Committee on Water, Land Use, Development and Hawaiian Affairs concurs with the intent and purpose of H.R. No. 30, as amended herein, and recommends that it be referred to the Committee on Intergovernmental Relations, in the form attached hereto as H.R. No. 30, H.D. 1.

Signed by all members of the Committee.
(Representatives Andrews, Bunda, Hashimoto, Say and O'Kieffe did not concur.)

SCRep. 1229 Water, Land Use, Development and Hawaiian Affairs on
 H.C.R. No. 18 (Majority)

The purpose of this concurrent resolution is to ask the Department of Land and Natural Resources to transfer public property known as the "Old Government Road" to the City and County of Honolulu for use as a public park.

Your Committee finds that the State Supreme Court has determined that the Old Government Road is a public right-of-way. Your Committee believes that public access to public beaches is a vital recreation resource and that this property should be retained in public ownership for public recreational use. Your Committee has amended the concurrent resolution to reflect that transfer to the City and County of Honolulu is only one of several alternative approaches to preserving the public's rights to this property. Your Committee has also changed the title of the concurrent resolution.

Your Committee on Water, Land Use, Development and Hawaiian Affairs concurs with the intent and purpose of H.C.R. No. 18, as amended herein, and recommends that it be referred to the Committee on Intergovernmental Relations, in the form attached hereto as H.C.R. No. 18, H.D. 1.

Signed by all members of the Committee.
(Representatives Andrews, Bunda, Hashimoto, Say and O'Kieffe did not concur.)

SCRep. 1230 Agriculture on H.R. No. 268

The purpose of this resolution is to request that the State Department of Agriculture enlist the cooperation of the U.S. Customs Service, the U.S. Department of Agriculture (USDA), the U.S. Armed Forces in Hawaii and the Pacific, the U.S. Fish and Wildlife Service, and all commercial and maritime cargo transporters, in developing a more stringent program of inspecting cargo both before it leaves Guam and after it arrives in Hawaii in order to prevent the introduction of the brown tree snake to Hawaii. This resolution further requests that these agencies cooperate with federal, state, and territorial wildlife agencies through technical and financial means to develop effective and comprehensive programs to:

- (1) prevent the immigration of the snake from Guam to other islands in the Pacific region;
- (2) search and destroy incipient infestations of the brown tree snake discovered on any islands in the Pacific region; and
- (3) control the snake populations on Guam.

The Director of the State Department of Agriculture, a representative of the University of Hawaii at Manoa Environmental Center, and a spokesperson for the Hawaii Audubon Society all testified in support of this resolution.

Your Committee finds that the brown tree snake is a notorious, venomous reptile which has virtually destroyed all of the birds on Guam in the more than 30 years it has become established there. It has also been reported to destroy other animals such as poultry, puppies and piglets, and to cause personal trauma by biting people and invading houses. In addition, the snake is an excellent climber and has caused many power outages which have resulted in serious economic and social consequences for Guam.

Your Committee also finds that the high population densities of the snake in Guam have significantly increased its probability of dispersing, accidentally by air or surface cargo, to other islands of the Pacific. Juvenile snakes were intercepted on Oahu at the Honolulu International Airport in 1981 and at Hickam Air Force Base in 1986.

Your Committee further finds that the Department of Agriculture has already contacted agriculture and customs officials in Guam to inform them of the potential

danger the snake poses to Hawaii, as well as to solicit their aid in carefully monitoring the movement of cargo from Guam to Hawaii for this destructive reptile. The Department of Agriculture has pledged to continue to enlist the cooperation of the U.S. Customs, the United States Department of Agriculture, the U.S. Fish and Wildlife Service, local military installations, and commercial firms in order to develop effective and comprehensive exclusion and control programs for the brown tree snake.

Your Committee has amended the resolution to also include to the list of those to receive certified copies of the resolution, the members of Hawaii's congressional delegation, the Commanders of the U.S. Army, U.S. Navy, and U.S. Air Force, agriculture and customs officials in Guam, and Hawaii steamship companies, stevedoring contractors, and airlines which travel between Hawaii and Guam, the Director of the Pacific Basin Development Council and a Herpetologist with the Honolulu Zoo.

Your Committee on Agriculture is in accord with the intent and purpose of H.R. No. 268, as amended herein, and recommends its adoption in the form attached hereto, as H.R. No. 268, H.D. 1.

Signed by all members of the Committee except Representative Fukunaga.

SCRep. 1231 Agriculture on H.C.R. No. 156

The purpose of this concurrent resolution is to request that the State Department of Agriculture enlist the cooperation of the U.S. Customs Service, the U.S. Department of Agriculture (USDA), the U.S. Armed Forces in Hawaii and the Pacific, the U.S. Fish and Wildlife Service, and all commercial and maritime cargo transporters, in developing a more stringent program of inspecting cargo both before it leaves Guam and after it arrives in Hawaii in order to prevent the introduction of the brown tree snake to Hawaii. This concurrent resolution further requests that these agencies cooperate with federal, state, and territorial wildlife agencies through technical and financial means to develop effective and comprehensive programs to:

- (1) prevent the immigration of the snake from Guam to other islands in the Pacific region;
- (2) search and destroy incipient infestations of the brown tree snake discovered on any islands in the Pacific region; and
- (3) control the snake populations on Guam.

The Director of the State Department of Agriculture, a representative of the University of Hawaii at Manoa Environmental Center, and a spokesperson for the Hawaii Audubon Society all testified in support of this concurrent resolution.

Your Committee finds that the brown tree snake is a notorious, venomous reptile which has virtually destroyed all of the birds on Guam in the more than 30 years it has become established there. It has also been reported to destroy other animals such as poultry, puppies and piglets, and to cause personal trauma by biting people and invading houses. In addition, the snake is an excellent climber and has caused many power outages which have resulted in serious economic and social consequences for Guam.

Your Committee also finds that the high population densities of the snake in Guam have significantly increased its probability of dispersing, accidentally by air or surface cargo, to other islands of the Pacific. Juvenile snakes were intercepted on Oahu at the Honolulu International Airport in 1981 and at Hickam Air Force Base in 1986.

Your Committee further finds that the Department of Agriculture has already contacted agriculture and customs officials in Guam to inform them of the potential danger the snake poses to Hawaii, as well as to solicit their aid in carefully monitoring the movement of cargo from Guam to Hawaii for this destructive reptile. The Department of Agriculture has pledged to continue to enlist the cooperation of the U.S. Customs, the United States Department of Agriculture, the U.S. Fish and Wildlife Service, local military installations, and commercial firms in order to develop effective and comprehensive exclusion and control programs for the brown tree snake.

Your Committee has amended the concurrent resolution to also include to the list of those to receive certified copies of the resolution, the members of Hawaii's congressional delegation, the Commanders of the U.S. Army, U.S. Navy, and U.S. Air Force, agriculture and customs officials in Guam, and Hawaii steamship companies, stevedoring contractors, and airlines which travel between Hawaii and Guam, the Director of the Pacific Basin Development Council and a Herpetologist with the Honolulu Zoo.

Your Committee on Agriculture is in accord with the intent and purpose of H.C.R. No. 156, as amended herein, and recommends its adoption in the form attached hereto, as H.C.R. No. 156, H.D. 1.

Signed by all members of the Committee except Representative Fukunaga.

SCRep. 1232 Agriculture on H.R. No. 216

The purpose of this resolution is to request that the Legislative Reference Bureau prepare a study of the future of the sugar industry in Hawaii, which will include but not be limited to:

- (1) the probable future of federal support of sugar;
- (2) the current status of efforts to find new markets for sugar products such as charcoal briquets, high bulk flour, in addition to alternate energy production;
- (3) the impact on sugar-related employment; and,
- (4) the impact on land use of the shift away from sugar production.

The Dean of the College of Tropical Agriculture and Human Resources of the University of Hawaii at Manoa, a representative of the Hawaii Sugar Planters' Association, and the President and Chief Executive Officer of the Hilo Coast Processing Company all testified in support of this resolution.

Your Committee finds that the sugar industry is the major agricultural enterprise in Hawaii and provides over 50 per cent of the agricultural crop income in the State.

Your Committee also finds that per-acre productivity has increased while production costs have been kept down through the utilization of advanced technology, drip irrigation, the improvement of sugarcane varieties, consolidation, and the reduction of costs while maintaining quality operations.

Your Committee has amended the resolution to request that the resolution define the actions required to maintain the contribution of the industry to the State's economic and social well-being. As proposed by the Dean of the College of Tropical Agriculture and Human Resources, the development of an action plan for the maintenance of Hawaii's sugar industry will now be the target of the study.

Your Committee on Agriculture concurs with the intent and purpose of H.R. No. 216, as amended herein, and recommends that it be referred to the Committee on Legislative Management, in the form attached hereto as H.R. No. 216, H.D. 1.

Signed by all members of the Committee.

SCRep. 1233 Agriculture on H.C.R. No. 124

The purpose of this concurrent resolution is to request that the Legislative Reference Bureau prepare a study of the future of the sugar industry in Hawaii, which will include but not be limited to:

- (1) the probable future of federal support of sugar;
- (2) the current status of efforts to find new markets for sugar products such as charcoal briquets, high bulk flour, in addition to alternate energy production;
- (3) the impact on sugar-related employment; and,

sources testified that it was concerned that the scope of the study should be carefully defined to prevent the development of squatter slums. It did not think state lands should be used for subsistence living and recommended that the study be limited to Hawaiian Home Lands. The Office of Hawaiian Affairs and the Department of Hawaiian Home Lands both testified in support of the resolution. OHA indicated it has supported this and similar studies in the past and possibly could do so in the future. The University agreed that it would do what it could if the concurrent resolution passed without funding.

Your Committee has made minor non-substantive amendments for purposes of clarity and understanding.

Your Committee on Water, Land Use, Development and Hawaiian Affairs concurs with the intent and purpose of H.C.R. No. 122, as amended herein, and recommends that it be referred to the Committee on Higher Education and the Arts, in the form attached hereto as H.C.R. No. 122, H.D. 1.

Signed by all members of the Committee.

SCRep. 1236 Water, Land Use, Development and Hawaiian Affairs on H.R.
No. 260

The purpose of this resolution is to ask the Legislative Reference Bureau to conduct a study of small business in Hawaii in an effort to create the most favorable small business climate possible.

Your Committee finds there are many factors which may potentially inhibit small business establishment and growth in Hawaii. Testimony pointed out high workers compensation rates, prohibitive bonding requirements and government red tape as examples.

Concern was expressed that the problems of small farms should not be ignored while carrying out this study. Your Committee also asks that the study include an historical perspective because it is important for us to learn from our experience.

Your Committee has amended this resolution to include requirements to:

1. analyze business incentive programs.
2. identify government policies that specifically related to small business.

Your Committee on Water, Land Use, Development and Hawaiian Affairs concurs with the intent and purpose of H.R. 260, as amended herein, and recommends that it be referred to the Committee on Legislative Management, in the form attached hereto as H.R. No. 260, H.D. 1.

Signed by all members of the Committee.

SCRep. 1237 Water, Land Use, Development and Hawaiian Affairs on
H.C.R. No. 147

The purpose of this concurrent resolution is to ask the Legislative Reference Bureau to conduct a study of small business in Hawaii in an effort to create the most favorable small business climate possible.

Your Committee finds there are many factors which may potentially inhibit small business establishment and growth in Hawaii. Testimony pointed out high workers compensation rates, prohibitive bonding requirements and government red tape as examples.

Concern was expressed that the problems of small farms should not be ignored while carrying out this study. Your Committee also asks that the study include an historical perspective because it is important for us to learn from our experience.

Your Committee has amended this concurrent resolution to include requirements to:

1. analyze business incentive programs.

2. identify government policies that specifically related to small business.

Your Committee on Water, Land Use, Development and Hawaiian Affairs concurs with the intent and purpose of H.C.R. 147, as amended herein, and recommends that it be referred to the Committee on Legislative Management, in the form attached hereto as H.C.R. No. 147, H.D. 1.

Signed by all members of the Committee.

SCRep. 1238 Labor and Public Employment on H.R. No. 135 (Majority)

The purpose of this resolution is to request the Employees Retirement System to immediately divest itself of all moneys and securities belonging to, or held in trust by, the State in firms doing business with, or in, the Republic of South Africa.

Hawaii has long been known for its variety of peoples living together in equality and harmony with opportunities open to all. It is therefore especially appropriate that our State not support a government which continues to use racial categories to withhold from the overwhelming majority of their country the same rights and opportunities which we so often take for granted.

Your Committee finds that other states which have taken similar measures have been able to avoid financial losses by reinvesting prudently in areas not involved with South Africa.

Your Committee on Labor and Public Employment concurs with the intent and purpose of H.R. No. 135 and recommends that it be referred to the Committee on Finance.

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

SCRep. 1239 Labor and Public Employment on H.C.R. No. 74 (Majority)

The purpose of this concurrent resolution is to request the Employees Retirement System to immediately divest itself of all moneys and securities belonging to, or held in trust by, the State in firms doing business with, or in, the Republic of South Africa.

Hawaii has long been known for its variety of peoples living together in equality and harmony with opportunities open to all. It is therefore especially appropriate that our State not support a government which continues to use racial categories to withhold from the overwhelming majority of their country the same rights and opportunities which we so often take for granted.

Your Committee finds that other states which have taken similar measures have been able to avoid financial losses by reinvesting prudently in areas not involved with South Africa.

Your Committee on Labor and Public Employment concurs with the intent and purpose of H.C.R. No. 74 and recommends that it be referred to the Committee on Finance.

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

SCRep. 1240 Transportation on H.R. No. 113

The purpose of this resolution is to request the Department of Transportation and the Department of Planning and Economic Development to consider the feasibility of: (1) establishing an aircraft maintenance operation at General Lyman Field or elsewhere in the State; and (2) working with a private enterprise on the construction and operation of the project. The resolution also requests the Departments to submit a report of their findings to the Legislature twenty days prior to the Regular Session of 1988.

Your Committee believes that there is a definite need for establishing an air-

craft maintenance operation in the State. As a major tourist destination, there exists a substantial demand for such services, and the State should take advantage of such an opportunity.

Your Committee finds that the Department of Planning and Economic Development would be the most appropriate agency to conduct the study, as the viability of an aircraft maintenance operation is more an economic development issue than a transportation issue. However, the Department of Transportation should continue to have a significant role and should be requested to cooperate and assist in the study.

Your Committee has therefore amended this resolution to request the Department of Planning and Economic Development to conduct the study on the feasibility of establishing an aircraft maintenance operation in the State, with cooperation from the Department of Transportation, and to submit its findings, including proposed legislation, to the Legislature twenty days before the convening of the Regular Session of 1988.

Your Committee on Transportation is in accord with the intent and purpose of H.R. No. 113, as amended herein, and recommends its adoption in the form attached hereto as H.R. No. 113, H.D. 1.

Signed by all members of the Committee.

SCRep. 1241 Transportation on H.C.R. No. 60

The purpose of this concurrent resolution is to request the Department of Transportation and the Department of Planning and Economic Development to consider the feasibility of: (1) establishing an aircraft maintenance operation at General Lyman Field or elsewhere in the State; and (2) working with a private enterprise on the construction and operation of the project. The concurrent resolution also requests the Departments to submit a report of their findings to the Legislature twenty days prior to the Regular Session of 1988.

Your Committee believes that there is a definite need for establishing an aircraft maintenance operation in the State. As a major tourist destination, there exists a substantial demand for such services, and the State should take advantage of such an opportunity.

Your Committee finds that the Department of Planning and Economic Development would be the most appropriate agency to conduct the study, as the viability of an aircraft maintenance operation is more an economic development issue than a transportation issue. However, the Department of Transportation should continue to have a significant role and should be requested to cooperate and assist in the study.

Your Committee has therefore amended this concurrent resolution to request the Department of Planning and Economic Development to conduct the study on the feasibility of establishing an aircraft maintenance operation in the State, with cooperation from the Department of Transportation, and to submit its findings, including proposed legislation, to the Legislature twenty days before the convening of the Regular Session of 1988.

Your Committee on Transportation is in accord with the intent and purpose of H.C.R. No. 60, as amended herein, and recommends its adoption in the form attached hereto as H.C.R. No. 60, H.D. 1.

Signed by all members of the Committee.

SCRep. 1242 Labor and Public Employment on H.R. No. 90

The purpose of this resolution is to request the State Department of Defense to examine ways in which the State and the community might extend recognition to individuals who comprise the Hawaii National Guard.

Your Committee finds that the mission of the Hawaii National Guard is to support civil authorities in the protection of life and property and to preserve peace, order, and public safety, as well as to provide trained and equipped units capable of rapid deployment in times of war or national emergency. The Hawaii

National Guard also provides public assistance during disasters and emergencies. In short, the Hawaii National Guard has a singularly unique mission to serve Hawaii and the nation. This resolution will initiate the development of ways in which members of the Hawaii National Guard can be recognized for outstanding service.

Your Committee on Labor and Public Employment concurs with the intent and purpose of H.R. No. 90 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 1243 Labor and Public Employment on H.C.R. No. 50

The purpose of this concurrent resolution is to request the State Department of Defense to examine ways in which the State and the community might extend recognition to individuals who comprise the Hawaii National Guard.

Your Committee finds that the mission of the Hawaii National Guard is to support civil authorities in the protection of life and property and to preserve peace, order, and public safety, as well as to provide trained and equipped units capable of rapid deployment in times of war or national emergency. The Hawaii National Guard also provides public assistance during disasters and emergencies. In short, the Hawaii National Guard has a singularly unique mission to serve Hawaii and the nation. This concurrent resolution will initiate the development of ways in which members of the Hawaii National Guard can be recognized for outstanding service.

Your Committee on Labor and Public Employment concurs with the intent and purpose of H.C.R. No. 50 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 1244 Intergovernmental Relations and Education on H.R. No. 179

The purpose of this resolution is to have the City and County of Honolulu, the Department of Education, and the Campbell Estate to provide information on how their development plans in the Ewa area will affect the public schools and libraries in the area.

Also, what additional public schools and library facilities will be needed to accommodate the new residents, what support functions between the State and the County will need to be coordinated, and what is the timetable for development.

Also, the resolution requires the House Committee on Intergovernmental Relations and the House Committee on Education to hold a public hearing during the Regular Session of 1987.

Your Committees heard testimony from the Department of Education, the James Campbell Estate, and the City and County of Honolulu's Department of General Planning. The testimonies presented were in support of the resolution.

While in agreement with the intent of the resolution to provide information on development in the Ewa area, your Committees believe that this should be an ongoing process. Your Committees have therefore amended the resolution requesting the Department of Education to provide a status report to the Legislature no later than 20 days prior to the start of the Regular Session, 1988.

Your Committees on Intergovernmental Relations and Education concur with the intent and purpose of H.R. No. 179, as amended herein, and recommend its adoption in the form attached hereto as H.R. No. 179, H.D. 1.

Signed by all members of the Committees.

SCRep. 1245 Human Services on H.R. No. 232

The purpose of this resolution is to request the Department of Social Services and Housing (DSSH) to study the necessity and feasibility of mandatory reporting and follow-up of suspected abuse or neglect of dependent or frail adults below

the age of sixty-five years. In addition, this resolution provides that the DSSH's study shall divide dependent or frail nonelderly adults into various classes and determine the amount of State resources necessary if the mandatory reporting and follow-up requirement is made applicable only to each of the classes, and shall be submitted to the Legislature prior to the convening of the Regular Session of 1988.

Your Committee heard testimony in support of this resolution. Your Committee finds that at the present time only children under age eighteen and elderly persons at least sixty-five years of age are protected from abuse and neglect. This results in a large group of individuals who, because of a physical or mental health problem are dependent on others or are in frail condition, not being eligible for protective services from the State. Your Committee finds that this group is also at great risk of abuse and neglect and that a study regarding the expansion of State protective services to meet the needs of this vulnerable group is needed.

The DSSH indicated in its testimony that it intends to develop the study in conjunction with appropriate community agencies which deal with the dependent adult at risk. Your Committee concurs with this plan.

Your Committee on Human Services concurs with the intent and purpose of H.R. No. 232, and recommends its adoption.

Signed by all members of the Committee.

SCRep. 1246 Human Services and Health on H.R. No. 204

The purpose of this resolution, as received by your Committees, is to request the Department of Social Services and Housing (DSSH), and the Department of Health (DOH) to collaborate on a study of ways in which the State can assist the operations of adult residential care homes (ARCH). In addition, this Resolution provides that the study include, but not be limited to, an evaluation of DOH staffing in the areas of licensure and inspections, the coordination between the DSSH and the DOH regarding each Department's regulatory requirements and reimbursement rates and placements, and of current in-service and continuing education programs for home operators in the areas of therapeutic recreation, rehabilitation, and socialization of residents placed in their homes.

Your Committees heard testimony in support of this resolution regarding the increasing utilization of ARCHs as an alternative to institutionalization and the concerns of ARCH operators regarding rising liability insurance and other costs, restrictive licensing requirements, the need for supportive training and services, and the problem of unlicensed, illegal homes. Your Committees agree that a study and evaluation of reimbursement rates under social services programs, staffing in the areas of licensure and inspections, case management of residents, and current in-service and continuing education programs is needed.

Your Committees have amended this resolution to delineate the responsibilities in the study of the DSSH and DOH and to provide that the report shall be submitted to the Legislature twenty days prior to the convening of the Regular Session of 1988.

Your Committees on Human Services and Health concur with the intent and purpose of H.R. No. 204, as amended herein, and recommend its adoption in the form attached hereto as H.R. No. 204, H.D. 1.

Signed by all members of the Committees.

SCRep. 1247 Agriculture and Transportation on H.R. No. 138

The purpose of this resolution is to request that a study be conducted by the Department of Transportation to determine the feasibility of improving air freight facilities and expanding reefer facilities at General Lyman Field in Hilo, Hawaii.

Your Committees find that presently there is insufficient storage and reefer space at General Lyman Field in Hilo resulting in shipments of agricultural commodities being left on the tarmac and subsequently exposed to inclement weather and heat.

Your Committees on Agriculture and Transportation concur with the intent and purpose of H.R. No. 138 and recommend its adoption.

Signed by all members of the Committees except Representatives Fukunaga, Jones and Medeiros.

SCRep. 1248 Agriculture and Planning, Energy and Environmental
Protection on H.R. No. 257

The purpose of this resolution is to request that the Department of Agriculture evaluate its programs of inspecting and grading produce, feed, eggs, poultry, and meat, pesticide enforcement, and plant and disease control, and to improve program effectiveness through a detailed exchange of information with the Los Angeles County Agricultural Commissioner's Office. This evaluation, with recommended program, policy, budget, and legislative actions, will be reported to the 1988 Legislature in order to adequately protect the people of Hawaii and ensure that the food they eat is unadulterated.

Your Committees find that the State of Hawaii's efforts to evaluate and improve State environmental programs is an ongoing long-term effort that requires immediate attention, consistent overview and budgetary support from the Legislature and the Executive Branch if the programs are to meet the formidable challenges posed by pesticides and other contaminants.

Your Committees have amended the resolution to request that the Department of Health also be involved in the study since programs to protect the consumer from pesticide contaminated produce and eggs are under their jurisdiction.

Your Committees have also amended the resolution to indicate that any recommendations developed by the Department of Agriculture and the Department of Health relating to pesticides also be incorporated into the Pesticide Action Plans developed under Act 275 of the Session Laws of Hawaii, 1984, and amended by Act 127 of the Session Laws of Hawaii, 1985. Under Act 127-85, Pesticide Action Plans will be developed by each of the affected agencies outlining specific goals and objectives generated under the Act relating to the regulation of pesticides. Incorporating the findings and recommendations of the study will ensure coordination and continuity between the various planning initiatives relating to pesticides.

Your Committees have further amended the resolution by making nonsubstantive changes for the purpose of clarity and conformance with recommended drafting style.

Your Committees on Agriculture, and Planning, Energy and Environmental Protection concur with the intent and purpose of H.R. No. 257, as amended herein, and recommend its adoption in the form attached hereto as H.R. No. 257, H.D. 1.

Signed by all members of the Committees except Representative Fukunaga.

SCRep. 1249 Agriculture and Planning, Energy and Environmental
Protection on H.C.R. No. 148

The purpose of this concurrent resolution is to request that the Department of Agriculture evaluate its programs of inspecting and grading produce, feed, eggs, poultry, and meat, pesticide enforcement, and plant and disease control, and to improve program effectiveness through a detailed exchange of information with the Los Angeles County Agricultural Commissioner's Office. This evaluation, with recommended program, policy, budget, and legislative actions, will be reported to the 1988 Legislature in order to adequately protect the people of Hawaii and ensure that the food they eat is unadulterated.

Your Committees find that the State of Hawaii's efforts to evaluate and improve State environmental programs is an ongoing long-term effort that requires immediate attention, consistent overview and budgetary support from the Legislature and the Executive Branch if the programs are to meet the formidable challenges posed by pesticides and other contaminants.

Your Committees have amended the concurrent resolution to request that the Department of Health also be involved in the study since programs to protect the

consumer from pesticide contaminated produce and eggs are under their jurisdiction.

Your Committees have also amended the concurrent resolution to indicate that any recommendations developed by the Department of Agriculture and the Department of Health relating to pesticides also be incorporated into the Pesticide Action Plans developed under Act 275 of the Session Laws of Hawaii, 1984, and amended by Act 127 of the Session Laws of Hawaii, 1985. Under Act 127-85, Pesticide Action Plans will be developed by each of the affected agencies outlining specific goals and objectives generated under the Act relating to the regulation of pesticides. Incorporating the findings and recommendations of the study will ensure coordination and continuity between the various planning initiatives relating to pesticides.

Your Committees have further amended the concurrent resolution by making nonsubstantive changes for the purpose of clarity and conformance with recommended drafting style.

Your Committees on Agriculture, and Planning, Energy and Environmental Protection concur with the intent and purpose of H.C.R. No. 148, as amended herein, and recommend its adoption in the form attached hereto as H.C.R. No. 148, H.D. 1.

Signed by all members of the Committees except Representative Fukunaga.

SCRep. 1250 Higher Education and the Arts and Education on H.R. No. 108

The purpose of this resolution is to request the University of Hawaii and the Department of Education to conduct a joint study investigating the most efficient, effective and economical method of implementing the State's responsibilities in providing adult education.

The Superintendent of the Department of Education and the Vice-President for Academic Affairs for the University of Hawaii submitted testimony in support of this resolution. The Superintendent stressed that such a study would be helpful in maximizing the utilization of limited resources to meet the continuing demands of the adult population. The Superintendent's testimony further stated that such a set of recommended policies and operational guidelines would improve the organization and coordination of adult and continuing education in Hawaii.

Your Committees believe an emphasis on the basic skills, in the States's adult education efforts, is of the utmost importance. It is the desire of your Committees that this study insure that sufficient efforts and resources are being expended on these basic literacy skills.

Your Committees on Higher Education and the Arts and Education concur with the intent and purpose of H.R. No. 108 and recommend its adoption.

Signed by all members of the Committees.

SCRep. 1251 Higher Education and the Arts on H.R. No. 188

The purpose of this resolution is to request the University of Hawaii to prepare a proposal for educational assessment and its implementation, including costs involved, time involved, accessibility of data and priority of particular types of evaluation.

Testimony in support of the resolution was received from the University of Hawaii's Director of Planning and Policy. Your Committee finds that progress towards such a program has been made through studies done by the University of Hawaii and the Legislative Auditor's office. The Director testified that the University has no objections to the resolution and supports its intent to encourage the University's educational assessment activities.

Your Committee on Higher Education and the Arts concurs with the intent and purpose of H.R. No. 188 and recommends its adoption.

Signed by all members of the Committee.