

SCRep. 524 Consumer Protection and Commerce on H.B. No. 918

The purpose of this bill is to ensure that:

- (1) Consumers are charged reasonable rates for residential property insurance coverage; and
- (2) Rates for residential property insurance are neither excessive nor inadequate;

by establishing a Commission on Multi-Hazard Loss Projection Methodology (Commission) to provide the most actuarially sophisticated guidelines and standards for projections of losses due to natural disasters.

Your Committee notes that the intent of the standards and guidelines is that they can be used in developing reimbursement premium rates for the Hawaii Hurricane Relief Fund and for insurers in rate filings.

The Department of Commerce and Consumer Affairs submitted testimony supporting the intent of this measure. Your Committee also received comments from the Hawaii Hurricane Relief Fund and the Hawaii Insurers Council.

It is the belief of your Committee that this bill supports efforts to better understand and more accurately project losses due to hurricane and volcanic eruptions as well as predict the probability of these occurrences.

Upon consideration, your Committee has amended this bill by:

- (1) Changing references of the "Hawaii Natural Disaster Catastrophe Special Fund" to the "Hawaii Hurricane Relief Fund";
- (2) Authorizing, rather than requiring, the Board of Directors of the Hawaii Hurricane Relief Fund to employ actuarial methods, principles, standards, models, or output ranges found by the Commission to be accurate or reliable; and
- (3) Making technical, nonsubstantive amendments for purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 918, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 918, HD 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Garcia and Tom.

SCRep. 525 Consumer Protection and Commerce on H.B. No. 1868

The purpose of this bill is to, among other things:

- (1) Ease the burden on homeowners with mortgages by authorizing the Hawaii Hurricane Relief Fund (Fund) to establish maximum limits on, or uniform reduction of, the special mortgage recording fee;
- (2) Protect the assets of the Fund by authorizing the Fund to impose fines, not to exceed twenty-five percent of the amount due, for each instance of nonpayment of fund revenues currently authorized by law; and
- (3) Clarify the provisions providing immunity and limitations on liability for insurance agents.

Supportive testimony of the bill was received from the Hawaii Hurricane Relief Fund and Title Guaranty of Hawaii. The Department of Housing and Community Development of the City and County of Honolulu and the Kuapa Isle Association of Apartment Owners submitted comments on the measure.

By authorizing the Fund to reduce the special mortgage recording fee (Fee), the Fund will be able to establish fees that are appropriate to particular real estate transactions. Testimony indicated that some mortgages are not being recorded because the Fee is too much, and at times "borders on the outrageous". Title Guaranty of Hawaii stated that it was aware of a situation involving a \$485,000,000 mortgage where the lender was willing to forego recordation due to the required \$485,000 Fee. Additionally, some attorneys have drafted and recorded creative documents without using the word "mortgage" to avoid paying the Fee. Your Committee believes that these efforts to avoid paying the Fee will be reduced if the Fee were calculated at a more reasonable rate. This would mean more money to the Fund and benefit to the public.

With respect to the authority to impose fines, your Committee believes that funds needed for payments of policyholder claims following a hurricane are more likely to be collected.

After carefully considering the merits of the bill and the testimonies received, your Committee has amended the measure by:

- (1) Providing the Fund with the discretion to address the issue of reasonable fees by deleting the provision that establishes the manner in which the Fee is calculated; and
- (2) Making technical, nonsubstantive revisions for purposes of style, clarity, and consistency.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1868, as amended herein,

and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1868, HD 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Garcia and Tom.

SCRep. 526 Consumer Protection and Commerce on H.B. No. 30

The purpose of this bill is to provide an exemption from the Hawaii Hurricane Relief Fund's (Fund) assessments to licensed insurers who elect to provide policies of hurricane property insurance and forego utilizing the Fund.

Comments on the bill were received from the Hawaii Hurricane Relief Fund. The Department of Commerce and Consumer Affairs (Department) submitted testimony opposing the measure in its present form.

The Department testified that the Insurance Division has a proposed Chapter 16-167, Hawaii Administrative Rule (HAR) proceeding through the administrative rule making process. Although the bill contains language that is similar to the proposed rule, it does not have many of the essential parts of the proposed rule.

For example, the bill does not require insurers to provide information that estimates probable maximum loss in Hawaii of all property insurance claims, including hurricane losses, nor demonstrate how the probable maximum loss will be covered. Evidence of an insurer's ability to cover its losses is essential for the protection of Hawaii's insureds.

The proposed rule also requires insurers to provide a business plan to market the policies, including hurricane coverage, on a fair and equitable basis. This information is needed by the Insurance Commissioner to ensure that hurricane coverage will be provided on an equitable basis.

After carefully considering the merits of the measure and the testimonies received, your Committee has amended the bill by replacing its entire contents with language that closely tracks the proposed Chapter 16-167, HAR, entitled "Insurer Exemption Requirements from the Hawaii Hurricane Relief Fund".

Your Committee believes that as amended, this bill will accomplish the intent of the bill as originally introduced in a more comprehensive manner.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 30, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 30, HD 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Garcia and Tom.

SCRep. 527 Consumer Protection and Commerce on H.B. No. 1653

The purpose of this bill is to promote fairness and equity among all insurance companies by repealing the one percent insurance premium tax credit for insurance companies that:

- (1) Maintain in Hawaii, books and records required by the Insurance Commissioner;
- (2) Employ personnel in Hawaii who are authorized to represent the insurer in all matters pertaining to examination; and
- (3) Maintain in Hawaii, a customer service center.

Testimony supportive of the bill was received from the Department of the Attorney General, the Department of Taxation, and the Hawaii Domestic Preference Litigation Group. The Department of Budget and Finance and the Tax Foundation of Hawaii submitted comments on the measure. Testimony opposing the bill was received from the Coalition for the Hawaii Premium Tax Credit and the Hawaii Association of Domestic Life Insurers.

Prior to July 1992, the insurance premiums tax was imposed at a higher rate on foreign insurers. Act 236, Session Laws of Hawaii (SLH) 1992, made the tax rates on insurance premiums nondiscriminatory. However, Act 236, SLH 1992, also enacted the tax credit in section 431:7-207, Hawaii Revised Statutes.

After enactment of the tax credit in section 431:7-207, 45 foreign insurance companies in 11 separate cases paid all of their insurance premium taxes under protest and sued, seeking to have the credit applied to them even though they did not meet the statutory prerequisites. The insurance companies, in essence, argued that the credit is merely a pretense for continuing a history of actual discrimination against foreign insurers.

According to the Department of the Attorney General, the credit is being challenged in the courts by 60 foreign insurance companies. As of January 31, 1997, \$30,500,000 has been tied up in the litigated claims fund. The credit costs \$10,000,000 in current revenue each year (\$5,000,000 to \$6,000,000 in lost tax revenue, and another \$4,000,000 tied up in the litigated fund).

It is your Committee's understanding that the position of the State is that the credit is valid and that the insurance premium taxes paid under protest by the complainants are lawful government realizations. However, irrespective of the constitutional merits of the credit, the Department of the Attorney General testified that it may take at least five years to reach a final decision in this case. The cost of waiting for a judicial decision is \$50,000,000. For this reason, your Committee believes that it is prudent to repeal the credit.

After carefully considering the merits of the measure and the testimonies received, your Committee has deleted a cross reference to the tax credit being repealed in another section. Other technical, nonsubstantive amendments were made for purposes of style, clarity, and consistency.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1653, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1653, HD 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Garcia and Tom.

SCRep. 528 Judiciary on H.B. No. 2229

The purpose of the bill is to create the legal framework for casino gaming in certain counties if the county submits a referendum on casino gaming to the voters and the majority of persons voting in the referendum approve casino gaming.

Your Committee received testimony in support of the measure from representatives of the County of Hawaii and from a number of private citizens.

Your Committee received testimony in opposition to the measure from representatives of the Attorney General, the County of Maui, the Police Department of the City and County of Honolulu and a number of organizations as well as private citizens.

Your Committee finds that Hawaii remains one of only two states which have not permitted gambling as a source of revenue to help fund state programs.

Your Committee believes that potential revenue from a gaming industry, and the jobs which would be created in a county which approved the establishment of such an industry should continue to be considered by the Legislature as a possible option for improving the State's revenues and overall economic well-being.

Your Committee has amended the measure by:

1. Providing that a special election to consider gaming can be held by the affected counties anytime after the effective date of the Act; and
2. Eliminating language which would make it a criminal act if the appointing authority mistakenly appoints an ineligible person to the proposed gaming commission.

In addition, technical, nonsubstantive amendments were made for the purpose of style and clarity.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2229, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2229, HD 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Lee and Pendleton.
(Representatives Case, Hiraki and Thielen voted no.)

SCRep. 529 Judiciary on H.B. No. 1268

The purpose of the bill is to create a state lottery and a state gaming commission. The measure also provides for county referendum with respect to other forms of gambling subject to gaming commission approval.

Your Committee received testimony in support of the measure from a representative of the Legislative Information Services of Hawaii, Inc. and from a number of private citizens.

Your Committee received testimony in opposition to the measure from representatives of the Attorney General, the County of Maui, the Police Department of the City and County of Honolulu and a number of organizations as well as from a number of private citizens.

Your Committee finds that Hawaii remains one of only two states which have not permitted some form of gambling as a source of revenue to help fund state programs.

Your Committee believes that potential revenue from a state lottery should continue to be considered by the Legislature as a possible option for improving the State's revenues and overall economic well-being.

Your Committee notes that a statewide referendum on gambling would be subject to legal challenge as contrary to the Hawaii Constitution as it relates to the adoption of legislation, and has therefore amended the bill to eliminate the requirement that the measure not take effect until such a referendum is held. Instead, your Committee has provided for an effective date of July 1, 1997.

Your Committee has further amended the measure by:

1. Clarifying that the powers of the commission to negotiate rates and execute contracts with telecommunications service providers for the inter-exchange services necessary for the operation of the lottery is provided for under the act, but that the exercise of those powers is still subject to the applicable laws of the state which do not conflict with this measure; and

2. Eliminating language which would make it a criminal act if the appointing authority mistakenly appoints an ineligible person to the proposed gaming commission.

In addition, technical, nonsubstantive amendments were made for the purpose of style and clarity.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1268, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1268, HD 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Lee and Pendleton.
(Representatives Case, Hiraki, Thielen and Whalen voted no.)

SCRep. 530 Finance on H.B. No. 139

The purpose of this bill is to place the retirement benefits of elective officers and officials, executive officers, legislative officers, and judges on par with the benefits provided to other public employees.

The Department of Budget and Finance testified in support of the intent of this measure. The Employees' Retirement System, the Democratic Party of Hawaii, and Common Cause of Hawaii commented on the bill.

Your Committee has amended this bill by making technical, nonsubstantive amendments for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 139, HD 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 139, HD 2.

Signed by all members of the Committee except Representatives Nakasone and Meyer.

SCRep. 531 Higher Education on H.B. No. 2234

The purpose of this bill is to change the formula for calculating general fund budget appropriations for the University of Hawaii (University).

The University, the Department of Budget and Finance, and the University of Hawaii Professional Assembly submitted comments on the bill.

Section 304-7.5, Hawaii Revised Statutes (HRS), establishes a formula for determining general fund budget appropriations for the University. Your Committee heard three bills related to this formula; the other two bills were H.B. No. 696 and H.B. No. 1354. Following deliberations on the broad issue of how general fund appropriations for the University should be determined, your Committee decided to use H.B. No. 2234 as the vehicle for the Committee's collective thoughts on the matter.

The well-being of the University is critically important to the overall well-being of the people of Hawaii and its future generations. Yet, harsh economic realities cannot be denied. The formula established by section 304-7.5, HRS, limits the flexibility of the Legislature since it restricts the total appropriations possible for all other state agencies. Your Committee would like to recognize the importance of the University while at the same time recognizing the need for the Legislature to retain its flexibility in budgeting for all of the agencies of State government.

Accordingly, the bill has been amended by:

- (1) Returning to fiscal year 1994-1995 as the year for establishing the base figure of operating general fund amounts;
- (2) Returning to fiscal year 1995-1996 as the year for determining increases due to collective bargaining;
- (3) Establishing the final amount calculated as a goal rather than a requirement for the Legislature in determining general fund budget appropriations for the University; and
- (4) Providing that neither the Governor nor the Director of Finance shall reduce any budget request or allotment to the University below amounts appropriated by the Legislature, unless the University requests the reduction.

As affirmed by the record of votes of the members of your Committee on Higher Education that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2234, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2234, HD 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Santiago, Yonamine and McDermott.

SCRep. 532 Labor and Public Employment on H.B. No. 807

The purpose of this bill is to require the State and counties to provide paid leave for public employees with school-age children to attend parent-teacher conferences.

Supportive testimony was submitted by the Department of Education, the Department of Labor and Industrial Relations, and the Hawaii State Teachers Association. The Department of Human Resources Development stated in their testimony

that the State has long recognized the importance of parental involvement during a child's formative years and has had a parent-teacher conference leave program since 1989. The Department of Human Resources Development also suggested some amendments which your Committee has incorporated into this measure.

Your Committee believes that the Parent-Teacher Conference Program will enable employees to monitor their children's educational progress as well as help to nurture parent-child relationships.

Upon careful consideration, your Committee has amended this measure by:

- (1) Placing the Parent-Teacher Conference Program in Chapter 79, Hawaii Revised Statutes, entitled "Leaves of Absence";
- (2) Including employees with children in a licensed group child care center (pre-school);
- (3) Providing that administrative time off may be granted if it does not interfere with operations of the work unit; and
- (4) Making technical, nonsubstantive amendments for purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Labor and Public Employment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 807, HD 1, as amended herein, and recommends that it be referred to the Committee on Finance, in the form attached hereto as H.B. No. 807, HD 2.

Signed by all members of the Committee except Representatives Nakasone, Case, Takumi and Moses.

SCRep. 533 Consumer Protection and Commerce and Judiciary on H.B. No. 1860

The purpose of this bill is to protect individuals seeking a quality education by requiring institutions that issue degrees to be accredited by an agency or organization approved or recognized by the United States Department of Education.

Supportive testimony was submitted by the Department of Commerce and Consumer Affairs, the University of Hawaii, the University of Phoenix, and the University of Hawaii Professional Assembly. Comments were received from Greenwich University, a faculty member of Hawaii Pacific University, the University of the Nations, and the President of International University of Professional Studies.

Your Committees are concerned about the proliferation of "diploma mills" run by individuals who are only interested in making quick profits. Your Committees believe that this measure is necessary to protect the citizens of this State and its regionally accredited degree-granting institutions from unaccredited diploma mills. Therefore, requiring all degree-granting institutions to be accredited by an agency or organization approved or recognized by the United States Department of Education will help to ensure that the quality associated with a college or university degree is not degraded.

Upon careful consideration, your Committees have amended this measure by:

- (1) Changing the effective date to January 1, 1998; and
- (2) Providing that Chapter 446E, Hawaii Revised Statutes, relating to Unaccredited Degree Granting Institutions is reenacted in the form in which it read prior to the approval of this bill.

As affirmed by the records of votes of the members of your Committees on Consumer Protection and Commerce and Judiciary that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 1860, HD 1, as amended herein, and recommends that it be referred to the Committee on Finance, in the form attached hereto as H.B. No. 1860, HD 2.

Signed by all members of the Committees except Representatives Garcia, Hiraki, Jones, Tom, Pendleton and Thielen.

SCRep. 534 Public Safety and Military Affairs on H.B. No. 503

The purpose of this bill is to allow state agencies to purchase goods or services from sources other than the correctional industries program.

The Department of Public Safety commented on this bill.

Your Committee has amended this bill by changing the effective date of the Act to July 1, 1999, in order to allow the Department of Public Safety to complete the funding of a 60-month equipment lease.

As affirmed by the record of votes of the members of your Committee on Public Safety and Military Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 503, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 503, HD 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 535 Public Safety and Military Affairs on H.B. No. 2063

The purpose of this bill is to authorize the Director of Public Safety to enter into agreements with the U.S. Department of Defense to use military facilities to house inmates.

Testimony in support of this measure was received from the Department of the Prosecuting Attorney of the City and County of Honolulu. The Department of Public Safety submitted testimony in support of the intent of the bill and commented that any negotiations between the Director or Department of Public Safety and the U.S. Department of Defense would be subject to protocols the military may have to follow to dispose of its property or otherwise allow its use.

Your Committee has amended the bill to further clarify that the Director of Public Safety, or an appropriate official, is authorized to enter into agreements with the Department of Defense, the Bureau of Prisons, or other appropriate federal agencies for the housing of state prisoners.

As affirmed by the record of votes of the members of your Committee on Public Safety and Military Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2063, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2063, HD 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 536 Human Services and Housing on H.B. No. 1651

The purpose of this bill is to allow up to a \$50,000 income tax deduction from gross income equal to the applicable percentage of the amount paid for "qualified long-term care services" and "qualified long-term care insurance contracts" used for the long-term health care needs of the resident taxpayer's spouse or dependent.

The Department of Human Services, the Executive Office on Aging, and the Department of Taxation submitted testimony in support of this measure. The American Association of Retired Persons generally supported this measure and raised concerns. The Department of Budget and Finance and the Tax Foundation of Hawaii submitted comments.

Your Committee has amended this bill by:

- (1) Allowing individuals who are paying for their own long-term care services to qualify for this tax deduction; and
- (2) Making technical, nonsubstantive amendments for purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Human Services and Housing that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1651, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1651, HD 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Stegmaier and Whalen.

SCRep. 537 Judiciary on H.B. No. 947

The purpose of this bill is to appropriate \$50,000 from the Spouse and Child Abuse Special Account to match the federal AmeriCorps grant for Student and Advocates for Victims of Domestic Violence program.

Your Committee received supporting testimony on this bill from Hawaii Lawyers Care, Child and Family Service, Hale Lokomaika'i and a concerned individual. The Judiciary submitted testimony in opposition of this measure because this bill would significantly impair its ability to administer and expend funds from the special account.

Your Committee finds that Congress created AmeriCorps in 1993 to respond to pressing unmet human, educational and public safety needs throughout the United States, and to renew the ethic of civil responsibility and the spirit of community by encouraging national service. Students and Advocates for Victims of Domestic Violence ("SAVD") was one of two AmeriCorps programs initiated in Hawaii in October, 1994. SAVD was established as part of Hawaii Lawyers Care to provide services in domestic violence prevention. The Attorney General last year reported that the incidence of domestic violence murders in Honolulu was almost twice the rate of that on the mainland. Your Committee finds that there is a pressing need for services to the victims and families of victims of domestic violence.

Your Committee has amended this bill by appropriating \$1 for the purpose of further discussion.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 947, HD 1, as amended herein, and recommends that it be referred to the Committee on Finance, in the form attached hereto as H.B. No. 947, HD 2.

Signed by all members of the Committee except Representatives Case, Hiraki and Menor.

SCRep. 538 Judiciary on H.B. No. 2274

The purpose of this bill is to appropriate funds to the Honolulu Police Department to act as the State control terminal agency for the National Crime Information and National Law Enforcement Telecommunications System.

Your Committee received supporting testimony on this bill from the Judiciary, the Department of Public Safety, the Department of the Prosecuting Attorney, City and County of Honolulu, the County of Maui Police Department and the Honolulu Police Department.

Your Committee finds that the use of the National Crime Information Center ("NCIC") greatly reduces court delays in verifying the criminal history of offenders and improves the sentencing decisions which are affected by the offenders' criminal history. Probation activities in the courts are also dependent upon the NCIC database to meet their investigative responsibilities in all assigned fitness-to-proceed, presentence and supervision cases. The NCIC database is the only means of verifying criminal history of offenders who move between states and don not have complete histories at one location. The Honolulu Police Department serves as the state's coordinating agency for the NCIC and the National Law Enforcement Telecommunications System. Due to the increased use of the systems by law enforcement agencies, the Honolulu Police Department has incurred rising costs. This bill appropriates funds to cover these costs.

The NCIC system is in the process of being replaced by a more technologically advanced system, called NCIC 2000, which will become operational in 1999. Once NCIC 2000 is operational, each state will have a limited time to interface with the new system before the current system is terminated. If Hawaii is unable to implement the NCIC 2000 system, our criminal justice community will lose access to all current and enhanced NCIC capabilities when the current NCIC system is phased out.

Your Committee has amended this bill by appropriating \$1 for the purpose of further discussion.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2274, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2274, HD 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Case, Herkes, Hiraki and Menor.

SCRep. 539 Judiciary on H.B. No. 1394

The purpose of this bill is to authorize the director of the administrative driver's license revocation office to assess and collect fees for the cost of processing requests for administrative hearings.

Your Committee received testimony in support of this bill from the Judiciary. Opposition to the bill was heard from a practicing attorney.

Your Committee finds that the administrative driver's license revocation office incurs costs for photocopying documents, issuance of subpoenas, interpreter services and mileage fees for law enforcement officers that should be passed on to those requesting hearings.

Your Committee has amended this bill, with the intent of limiting the amount of fees which can be assessed, to authorize the director to collect a \$15 fee from each arrestee who requests an administrative hearing. Your Committee has also made other technical, nonsubstantive amendments for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1394, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1394, HD 1, and be referred to the Committee on Finance.

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

SCRep. 540 Judiciary on H.B. No. 1250

The purpose of this bill is to establish a Pipeline Safety Committee (Committee) to monitor the condition of pipeline systems transporting hazardous substances.

The Department of Health supported the intent of the measure but raised concerns that passage of the bill may adversely affect United States military participation due to the military's reluctance in serving on a statutorily mandated committee. BHP Hawaii; Hawaiian Electric Company, Inc.; Maui Electric Company, Limited; and Hawaii Electric Light Company, Inc., supported the intent of the bill.

Your Committee has amended this bill by:

- (1) Deleting the \$5,000 per day penalty for failure to furnish information or permit the examination of records as requested by the Committee;
- (2) Repealing the Act two years after its effective date; and
- (3) Making technical, nonsubstantive amendments for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1250, HD 1, as amended herein, and recommends that it be referred to the Committee on Finance, in the form attached hereto as H.B. No. 1250, HD 2.

Signed by all members of the Committee except Representatives Case, Hiraki and Menor.

SCRep. 541 Judiciary on H.B. No. 1613

The purpose of this bill is to make an appropriation for the Department of the Attorney General to complete the development, installation, and implementation of an automated child support enforcement system.

Your Committee received testimony in support of the bill from the Governor and the Attorney General.

According to the Governor, the immediate passage of this bill is needed to avoid a \$2,100,000 deficit in the current fiscal year. Without additional funding, the Department of the Attorney General will be unable to meet its fiscal obligations for the remainder of fiscal year 1996-1997.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1613 and recommends that it pass Second Reading and be referred to the Committee on Finance.

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

SCRep. 542 Judiciary on H.B. No. 1801

The purpose of this bill is to propose a constitutional amendment to enable the State to build a financial reserve to be used when there is an emergency or economic downturn, or when there is an unforeseen reduction in revenues.

Specifically, this bill would repeal the constitutionally required excess revenues tax refund and instead establish a "rainy day fund" to be known as the Emergency and Budget Stabilization Fund (Fund). Whenever the general fund balance exceeds five percent of general fund revenues at the close of the fiscal year, the Legislature would be required to deposit excess revenues into the Fund.

The Department of Budget and Finance submitted testimony in support of this measure.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1801 and recommends that it pass Second Reading and be referred to the Committee on Finance.

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

SCRep. 543 Public Safety and Military Affairs on H.B. No. 376

The purpose of this bill is to allow government entities to seek reimbursement from persons or private entities for costs incurred for search or rescue services rendered to the person or entity who are responsible for the person's safety if:

- (1) The person has been warned of the inherent dangers in remaining in a particular area;
- (2) Hazard warning signs were posted in the area;
- (3) Dangerous or hazardous conditions were reported twenty-four hours before rescue attempts were commenced;
- (4) Hazardous conditions existed that were observable to a reasonable person; and
- (5) The person ignored or disregarded any of the hazards or warnings by placing the person's self in the hazardous area.

The Honolulu Police Department, the Honolulu Fire Department and the Adjutant General testified in support of the measure.

Your Committee has amended this bill by:

- (1) Creating a new chapter that allows a governmental entity to seek reimbursement from any person or entity responsible for the person's safety for any search or rescue that required the use of extraordinary methods and was caused by:
 - (A) Violation of any applicable law of the federal, state or local government; or
 - (B) An act or omission by the person searched for or rescued that shows wanton and reckless misconduct in disregard of that person's safety; and
- (2) Providing that any reimbursement sought by a governmental entity shall not exceed the total cost incurred for the rescue operation.

As affirmed by the record of votes of the members of your Committee on Public Safety and Military Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 376, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 376, HD 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 544 Energy and Environmental Protection on H.B. No. 1247

The purpose of this bill is to increase penalties for violating the State's clean water and hazardous waste laws to punish violators, deter potential polluters, and to conform with federal penalties.

Supporting the intent of this bill were the Department of Health, the Hawaii Chapter of Sierra Club and a private individual. The Department of Wastewater Management, City and County of Honolulu; the Department of Public Works

and Waste Management, County of Maui; Chevron; BHP Hawaii; and Western States Petroleum Association opposed the measure.

Your Committee finds that raising the ceiling on penalties does not unduly burden water and hazardous waste operators, nor should it impact consumers by higher prices. Rather, the intent of this measure is to encourage violators to comply with of the law, as well as to bring Hawaii's penalties into conformance with the federal standards.

As affirmed by the record of votes of the members of your Committee on Energy and Environmental Protection that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1247 and recommends that it pass Second Reading and be referred to the Committee on Judiciary.

Signed by all members of the Committee except Representatives Kanoho, Morihara and Thielen.
(Representative Meyer voted no.)

SCRep. 545 Energy and Environmental Protection on H.B. No. 1743

The purpose of this bill is to create a long-term supplemental funding source from the voluntary sale of specially designed conservation license plates for youth conservation corps programs and endangered species recovery programs.

Supporting this bill were the Board of Land and Natural Resources and Green Valley Conservancy. Hawaii Audubon Society also testified in support but noted that proceeds would better serve designated programs if deposited in a dedicated fund.

As affirmed by the record of votes of the members of your Committee on Energy and Environmental Protection that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1743 and recommends that it pass Second Reading and be referred to the Committee on Transportation.

Signed by all members of the Committee except Representative Meyer.

SCRep. 546 Energy and Environmental Protection on H.B. No. 1248

The purpose of this bill is to extend for ten years the energy conservation income tax credit for solar energy, wind energy, heat pump, and ice storage systems.

The Department of Business, Economic Development, and Tourism, the Consumer Advocate, the Sierra Club, Hawaii Chapter, the Hawaii Renewable Energy Alliance, the Hawaii Solar Energy Association, Hawaiian Electric Company, Inc., two private firms, and one private individual submitted testimony in support of this bill. The Department of Health submitted testimony proposing a permanent repeal of the sunset provision of the energy conservation income tax credit. The Department of Taxation submitted testimony in opposition to this bill.

Your Committee finds that the energy conservation income tax credit promotes the use of renewable energy resources, helps the renewable energy industry, and increases Hawaii's energy independence.

As affirmed by the record of votes of the members of your Committee on Energy and Environmental Protection that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1248 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 547 Energy and Environmental Protection on H.B. No. 1367

The purpose of this bill is to allow the Natural Energy Laboratory of Hawaii Authority (NELHA) to operate retail concessions that are unrelated to its primary activities of research, development, and commercialization of natural energy sources in Hawaii.

Testimony in support of this bill was received from NELHA; and the Department of Business, Economic Development, and Tourism.

No testimony in opposition to this bill was received.

Your Committee finds that much of NELHA's funding has previously come from the state and federal government. As these funds are becoming less available, it is imperative for NELHA to become more self-sufficient, by attracting more privately-funded business opportunities.

Your Committee believes that the intent of this bill is to allow NELHA to undertake income-producing activities unrelated to its primary activities, to allow expansion of the scope of NELHA's activities and to further diversify its revenue sources.

As affirmed by the record of votes of the members of your Committee on Energy and Environmental Protection that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1367 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 548 Energy and Environmental Protection on H.B. No. 29

The purpose of this bill is to increase penalties for littering from vehicles, and directs that violators remove the litter or pay the cost of removing the litter.

The Hawaii Food Industry Association submitted testimony in support of this bill. The Department of Health submitted testimony supporting the intent of this bill, but deferring to the appropriate agencies.

Your Committee finds that this bill will provide the much-needed additional deterrence to littering.

As affirmed by the record of votes of the members of your Committee on Energy and Environmental Protection that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 29 and recommends that it pass Second Reading and be referred to the Committee on Judiciary.

Signed by all members of the Committee.

SCRep. 549 Energy and Environmental Protection on H.B. No. 2231

The purpose of this bill is to improve and beautify the Ala Wai Canal and the streams within its drainage basin by appropriating funds to:

- (1) Increase storm water discharge capacity;
- (2) Investigate and identify other flood mitigative measures;
- (3) Increase water circulation; and
- (4) Beautify the area.

Your Committee finds that the Ala Wai Canal is one of the most polluted waterways in the state. Although initially designed as a sediment basin to minimize the discharge of sediments into the coastal waters, the Ala Wai Canal has been dredged only twice since its construction in the 1920s.

Supporting this bill were the Convention Center Authority, the City and County of Honolulu's Department of Public Works, and the Steering Committee of the Ala Wai Canal Watershed Water Quality Improvement Project (Steering Committee). The Department of Land and Natural Resources supported funding for five of the seven projects for which it is designated as the expending agency.

The Steering Committee noted that the Ala Wai Canal Watershed Water Quality Improvement Project is a two-year joint effort of the State and the City under a consent decree. Both governments have agreed to work towards improved water quality in the Canal and streams.

Your Committee has amended this bill by making technical, nonsubstantive revisions for purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Energy and Environmental Protection that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2231, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2231, HD 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Morihara.

SCRep. 550 Energy and Environmental Protection on H.B. No. 35

The purpose of this bill is to provide a financial reward for individuals who provide photographic or video evidence resulting in the conviction of a person found guilty of a littering offense, a littering violation, or criminal littering.

Your Committee received testimony from the Hawaii Food Industry Association in support of this bill, and testimony from the Department of Health (DOH) which indicated support for efforts to reduce litter, but did not support this bill. DOH does not enforce or collect the penalties relating to the violation of the Litter Control statutes and indicated that it was inappropriate for DOH to develop rules addressing the distribution of litter violation penalties when it was not the agency addressing litter citations or collection of penalties.

As affirmed by the record of votes of the members of your Committee on Energy and Environmental Protection that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 35 and recommends that it pass Second Reading and be referred to the Committee on Judiciary.

Signed by all members of the Committee.
(Representative Thielen voted no.)

SCRep. 551 Energy and Environmental Protection on H.B. No. 1834

The purpose of this bill is to, among other things, deter illegal conduct that harms the environment by establishing a criminal penalty for illegal dumping of solid waste.

Testimony supporting the measure was received from the Department of Health and the Sierra Club, Hawaii Chapter. Hawaiian Electric Company submitted testimony supporting the intent of the bill.

Testimony indicated that materials such as vegetative waste, protruding rebar, and lumber can result in unstable conditions and a poor structural base for development. Additionally, vegetative material, some construction waste, and municipal solid waste can generate methane, which cause underground fires, and ground and surface water contamination.

Your Committee believes that this bill will provide the solid waste program the authority to adequately deal with this issue.

Your Committee has made technical, nonsubstantive amendments for purposes of style and clarity and to correct drafting errors.

As affirmed by the record of votes of the members of your Committee on Energy and Environmental Protection that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1834, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1834, HD 1, and be referred to the Committee on Judiciary.

Signed by all members of the Committee.

SCRep. 552 Human Services and Housing and Health on H.B. No. 478

The purpose of this bill is to design and develop a single point of entry system for long-term care in Hawaii to be administered by the Department of Human Services.

Your Committees received supportive testimony from the Hemophilia Foundation of Hawaii, the Healthcare Association of Hawaii, the Hawaii Long Term Care Reform Task Force, the Society for Social Work Administrators in Health Care, the Honolulu Gerontology Program, the Hawaii Association of Case Managers, the Hawaii Centers for Independent Living, and two concerned individuals.

The State Planning Council on Developmental Disabilities, the Commission on Persons with Disabilities, the Hawaii Nurses' Association, and the American Association of Retired Persons submitted testimony in support of the intent of this measure and provided recommendations.

Your Committees received comments from the Department of Human Services, the Executive Office on Aging, and the Kokua Council for Senior Citizens.

A single-entry point system is but one of several approaches that should be considered in a comprehensive assessment of what is in place and how improvements can be made to long-term care in Hawaii. Your Committees find that this approach is worthwhile and should be considered.

Upon notice that adequate funds are insufficient to implement this approach in its entirety, your Committees strongly recommend the establishment of a demonstration project of this nature on Oahu. Information from a demonstration project would assist in determining whether to proceed statewide and requires that a report be submitted to the 1997 Legislature to document progress and make recommendations.

In addition, initially including only individuals who are elderly and later phasing in individuals with developmental disabilities is recommended due to a grant awarded to the State Planning Council on Developmental Disabilities to demonstrate a client-directed, managed care model of long-term care services for individuals with developmental disabilities on Kauai and West Hawaii.

The Department of Human Services is currently specified to administer the single entry point system, but your Committees wish to express that the Executive Office on Aging may be more appropriate.

Your Committees have amended this measure by:

- (1) Establishing a demonstration project if funds are insufficient for the establishment of a single point of entry system in its entirety; and
- (2) Making technical, nonsubstantive amendments for purposes of clarity, consistency, and style.

As affirmed by the records of votes of the members of your Committees on Human Services and Housing and Health that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 478, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 478, HD 1, and be referred to the Committee on Finance.

Signed by all members of the Committees except Representative Pendleton.

SCRep. 553 Agriculture on H.B. No. 356

The purpose of this bill, as received by your Committee, is to establish a Brown Tree Snake Citizens' Inspection Corps, consisting of volunteers, under the Department of Agriculture (DOA) to monitor all possible entry points of the brown tree snake into the State.

In addition, this bill also authorizes the Chair of the Board of Agriculture to establish an advisory committee to assist in the training, supervision, and management of the volunteers.

Your Committee received comments from the DOA, the Department of Land and Natural Resources (DLNR), the Nature Conservancy of Hawaii, and the Hawaii Audubon Society. In its testimony, DOA indicated that inspections for brown tree snakes at points-of-entry in the State would be required "in and around multi-million dollar aircraft, special equipment, ammunition and other sensitive cargo," raising liability concerns regarding the volunteers. DOA stated that its time would be better spent by training those who already have access and work in high-risk areas, rather than to establish a new volunteer group.

Your Committee believes that a more effective approach to control brown tree snakes would be to:

- (1) Increase the number of inspectors and dog teams;
- (2) Train military and civilian ports-of-entry workers in snake detection; and
- (3) Train, equip, and adequately fund snake watch attack teams.

Upon careful consideration, your Committee has amended the bill by deleting the substance and inserting new material, the purpose of which is to appropriate funds for each year of the 1997-1999 fiscal biennium, for:

- (1) Training, equipment, supplies, travel, and emergency response funds for snake watch attack teams; and
- (2) A Brown Tree Snake Detection, Containment, and Reporting Training Program for ports-of-entry workers.

As affirmed by the record of votes of the members of your Committee on Agriculture that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 356, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 356, HD 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Takai and McDermott.

SCRep. 554 Health and Human Services and Housing on H.B. No. 772

The purpose of this bill is to allow health care facilities to consider arrest and court records in determining whether employees or prospective employees are suited to working in close proximity to vulnerable patients.

The Healthcare Association of Hawaii testified in favor of the bill. Testimony in support of this measure with recommended changes were submitted by the Executive Office on Aging and the Hawaii Civil Rights Commission. The Hawaii Nurses' Association submitted testimony in opposition of this measure.

Your Committees recognize that the arrest of an employee or potential employee does not mean that there was an actual violation of law.

Your Committees have amended this bill by:

- (1) Allowing health care facilities to consider criminal convictions in determining whether employees or prospective employees are suited to working in close proximity to vulnerable patients; and
- (2) Making technical, nonsubstantive amendments for purposes of clarity, consistency, and style.

As affirmed by the records of votes of the members of your Committees on Health and Human Services and Housing that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 772, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 772, HD 1, and be referred to the Committee on Judiciary.

Signed by all members of the Committees except Representatives Kawakami, Lee and Stegmaier.

SCRep. 555 Judiciary on H.B. No. 1442

The purpose of this bill is to appropriate funds for the Drug Abuse Resistance Education (D.A.R.E.) program.

The Prosecuting Attorney for the City and County of Honolulu, the Mayor of the County of Maui, a member of the Honolulu City Council, the Honolulu Police Department, the Hawaii County Police Department, the Maui County Police Department, the Kauai County Police Department, the Hawaii Dare Officers Association, Towne Development of Hawaii, Inc., HMSA of Hawaii, Maui Scrap Metal Co., Inc., Island Printing Centers, and several members of the public testified in support of the measure. The Department of Education testified in support of the intent of the bill. The Office of Youth Services testified in support of the intent of the bill but was unable to support any request for funds beyond those allocated in the executive budget. Two members of the public testified in opposition to the bill.

Your Committee has amended this bill by:

- (1) Appropriating \$1 for the purpose of further discussion; and
- (2) Making technical, nonsubstantive amendments for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1442, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1442, HD 1, and be referred to the Committee on Finance.

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

SCRep. 556 Judiciary on H.B. No. 1841

The purpose of this bill is to streamline the State Health Planning and Development Agency (SHPDA) functions to allow the agency to evolve from one designated for a fee-for-service health care environment to one adaptable to a managed care environment.

Your Committee received testimony from the Hawaii Statewide Coordinating Council, the Hawaii Medical Service Association, various Subarea Health Planning Councils and other organizations in support of this bill. SHPDA also expressed support for the measure and suggested a change on page 1 line 14 to increase the flexibility of the agency.

Your Committee agrees with the suggested language and has amended the bill by deleting the term "Nurse practitioners," and inserting the term "Advanced Practice Registered Nurses."

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1841, HD 1, as amended herein, and recommends that it be referred to the Committee on Finance, in the form attached hereto as H.B. No. 1841, HD 2.

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

SCRep. 557 Education on H.B. No. 132

The purpose of this bill is to provide for an appointed Board of Education (BOE) consisting of fifteen members.

Testimony in support of this bill was received from the United Public Workers and a private citizen. The Hawaii Congress of Parents, Teachers, and Students, the Hawaii State Teachers Association, and Common Cause submitted testimony in opposition to this measure.

Your Committee finds that no method of selecting the BOE has been devised that fulfills all three requirements for an elected board, namely, that it:

- (1) Passes constitutional muster;
- (2) Is organizationally practical; and
- (3) Provides direct accountability to the people.

Your Committee also finds that an appointed school board will improve the public school system by providing greater accountability in the executive branch for the quality of education through a simplification of the policy-making process.

Your Committee has amended this bill to:

- (1) Clarify that the fifteen persons appointed to the BOE are all voting members;
- (2) Prohibit the student board member from voting on personnel and fiscal matters; and
- (3) Make technical, nonsubstantive revisions for purposes of style and consistency.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 132, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 132, HD 1, and be referred to the Committee on Judiciary.

Signed by all members of the Committee except Representatives Arakaki, Santiago, Takamine, Yonamine and Halford.

(Representatives McDermott and Moses voted no.)

SCRep. 558 Education on H.B. No. 131

The purpose of this bill is to propose a constitutional amendment to change the Board of Education from an elected body to an appointed body.

The United Public Workers, AFSCME Local 646, and a private individual submitted testimony in support of this bill. The Hawaii Government Employees Association, AFSCME Local 152, submitted testimony supporting the concept of this bill. The Board of Education, Common Cause Hawaii, and the Hawaii State Teachers Association submitted testimony in opposition to this measure.

Your Committee finds that an elected Board of Education will improve accountability for the quality of public education, because the Governor and the Legislature would become ultimately responsible for educational policy-making and implementation.

Your Committee has amended this bill to provide that the student member of the Board of Education be a voting member.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 131, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 131, HD 1, and be referred to the Committee on Judiciary.

Signed by all members of the Committee except Representatives Arakaki, Santiago, Takamine, Yonamine and Halford.
(Representatives McDermott and Moses voted no.)

SCRep. 559 Education on H.B. No. 822

The purpose of this bill is to appropriate funds for fiscal years 1997-1998 and 1998-1999 for the Parent-Community Networking Centers program and the Families for R.E.A.L. program.

The principal of Kapalama Elementary School, the Hawaii Adult and Community Education Advisory Council, the Coalition for a Drug-Free Hawaii, the Hawaii Community Education Association, Pihana Na Mamo: The Native Hawaiian Special Education Project, the Youth Development Project, and twenty-nine private individuals submitted testimony in support of this bill. The Department of Education submitted testimony supporting the intent of this bill.

Your Committee finds that the programs identified in this bill have shown that they positively affect children's educational achievement.

After careful consideration, your Committee has amended this bill by:

- (1) Clarifying that forty-one schools have no Parent-Community Networking Centers (PCNC);
- (2) Clarifying that the fifty partially funded PCNCs require \$10,200 in funding each;
- (3) Clarifying that the forty-one schools without PCNCs require \$13,500 each for full funding;
- (4) Clarifying that the total amount required for all PCNCs is \$1,329,500;
- (5) Inserting the sum of \$2 for each fiscal year to facilitate further discussion; and
- (6) Making technical, nonsubstantive amendments for the purpose of style.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 822, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 822, HD 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Yonamine and McDermott.

SCRep. 560 Education on H.B. No. 1731

The purpose of this bill is to authorize the board of education to establish the library advisory commissions in the counties.

Specifically, this bill allows the board to establish and abolish the commissions at its discretion, and to create their membership and quorum requirements.

Your Committee received favorable testimony from the Chairperson of the Board of Education.

At present, the library advisory commissions are formed under the Governor's appointing authority, and face possible elimination under the Governor's recent proposal to eliminate state commissions believed to be unnecessary or outmoded. The Board of Education believes these library advisory commissions are a valuable resource in the management of the public library system, and should be maintained as long as the Board deems them necessary and useful.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1731 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Morihara, Yonamine and McDermott.

SCRep. 561 Energy and Environmental Protection on H.B. No. 1221

The purpose of this bill is to require the publication of gasoline prices by petroleum distributors.

In particular, this bill requires petroleum distributors to publish in newspapers both the "dealer tank wagon price", that is, the price of gasoline delivered to retail service stations, and the "rack", or undelivered price, for every brand and grade of gasoline sold in each county. This bill also requires the published dealer tank wagon prices to reflect delivery costs to representative locations in each county.

Upon further consideration, your Committee has amended this bill by establishing a petroleum advisory council within the Department of Business, Economic Development, and Tourism for administrative purposes, to advise the Legislature on the state of the retail petroleum industry in Hawaii.

The duties of the council, which is to be appointed by the Governor and meet at least quarterly, are the monitoring of the retail petroleum industry in the State; advising the Legislature of trends and activities in the retail petroleum industry that may require statutory consideration; drafting proposed legislation to address changes in the industry; and taking other necessary action to ensure that the Legislature is informed of all relevant developments in that industry affecting the health, safety, and welfare of Hawaii's residents.

As affirmed by the record of votes of the members of your Committee on Energy and Environmental Protection that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1221, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1221, HD 1, and be referred to the Committee on Consumer Protection and Commerce.

Signed by all members of the Committee except Representative Meyer.
(Representatives Kanoho and Thielen voted no.)

SCRep. 562 Energy and Environmental Protection on H.B. No. 31

The purpose of this bill is to make permanent the moratorium prohibiting manufacturers or jobbers from operating retail service stations.

In addition, this bill deletes existing law that would have allowed manufacturers or jobbers to open a maximum of two company service stations for each dealer operated service station owned by that manufacturer or jobber that was opened on or after July 31, 1995.

While your Committee agrees with the intent of this bill to make the moratorium permanent, upon further consideration your Committee has amended this bill by:

- (1) Reinstating the deleted language to allow manufacturers or jobbers to open a maximum of two company service stations for each dealer operated service station opened on or after July 31, 1995;
- (2) Adding a definition of "retail"; and
- (3) Making a technical correction. Specifically, this bill amends the "grandfather" provision in section 486H-10(c), Hawaii Revised Statutes, to specify that the moratorium does not apply to those locations operated by manufacturers or jobbers that were already in existence on June 23, 1993, which is the effective date of Act 329, Session Laws of Hawaii 1993 (the act that enacted the moratorium).

As affirmed by the record of votes of the members of your Committee on Energy and Environmental Protection that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 31, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 31, HD 1, and be referred to the Committees on Consumer Protection and Commerce and Judiciary.

Signed by all members of the Committee except Representative Meyer.

SCRep. 563 Energy and Environmental Protection on H.B. No. 126

The purpose of this bill is to appropriate funds to continue water quality monitoring programs throughout the state, especially targeting non-point source runoff pollution.

Supporting this measure were the Department of Health; Sierra Club, Hawaii Chapter; and Koolau Agricultural Co., Ltd. In its testimony, the Sierra Club noted that federal rules provide for expenditures from state revolving funds to reduce non-point source water pollution.

Your Committee finds that water monitoring programs have suffered severe budget reductions in recent years. That, although voluntary water testing programs have been very successful, the intent of this measure is to reinvest in water quality testing programs.

Your Committee has amended this bill by:

- (1) Appropriating the sum of \$1 to facilitate further discussion; and
- (2) Making technical, nonsubstantive amendments for the purpose of style.

As affirmed by the record of votes of the members of your Committee on Energy and Environmental Protection that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 126, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 126, HD 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Kanoho and Morihara.

SCRep. 564 Energy and Environmental Protection on H.B. No. 1843

The purpose of this bill is to expand the financing program of the State Water Pollution Control Revolving Fund (Fund) to allow the leveraging of the existing Fund moneys by the issuance of revenue bonds.

By way of background, the U.S. Congress enacted the Water Quality Act of 1987, authorizing federal grants to any state that established a water pollution control revolving fund. The purpose of the revolving fund was to finance the

construction of wastewater treatment facilities by providing low interest loans to municipalities. In 1988, the State qualified for these federal grants by establishing the Fund under Act 365, Session Laws of Hawaii 1988.

Since the establishment of the Fund, the State has received approximately \$80,000,000 in federal funds. Together with the State's 20 percent match, the Department of Health (DOH) estimates that over \$152,000,000 in low interest loans were made to the counties for the construction of wastewater facilities. Unfortunately, federal funding for this program ended in 1995, leaving the State with unfunded projects over the next six years in excess of \$800,000,000.

Despite this need to fund additional projects, the flow of repayments from existing loans will fall far short of meeting this demand. The DOH estimates that these repayments will only provide approximately \$8,000,000 annually. For this reason, this bill authorizes the Director of Health to issue revenue bonds not to exceed \$250,000,000. Although the Department of Budget and Finance is already authorized to issue \$250,000,000 in revenue bonds under Section 342D-54(e), Hawaii Revised Statutes, none has been sold.

When the State sells the revenue bonds authorized in this bill, it will have the advantage of securing the loan with the debt service on the pre-existing loans. In so doing, the State will be able to leverage the assets that are a part of the Fund.

In order not to jeopardize the State's ability to issue general obligation bonds with this \$250,000,000 authorization, important provisions have been included to:

- (1) Make the program fiscally self-sufficient; and
- (2) Avoid causing the State's debt ceiling to be exceeded.

The strategy contained in this bill is not new. The DOH indicated that twenty-one states have already adopted programs to leverage their limited funds in a similar manner.

Currently, the Director of Health is authorized to make grants or loans to a state or county agency for the construction of necessary wastewater treatment works as well as other projects intended for wastewater reclamation or waste management by nonconventional means.

The DOH strongly supported this bill. The Sierra Club, Hawaii Chapter recommended that the bill be amended to encourage the counties to use some of the funds to address nonpoint source water pollution.

Upon further consideration, your Committee has amended this bill by:

- (1) Directing the DOH to ensure that, where appropriate, the county agency receiving these funds has taken specific steps to reduce polluted runoff into state waters through educational and regulatory programs; and
- (2) Making technical, nonsubstantive revisions for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Energy and Environmental Protection that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1843, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1843, HD 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Kanoho and Morihara.

SCRep. 565 Energy and Environmental Protection on H.B. No. 1243

The purpose of this bill is to authorize the Department of Health to establish and fund two permanent exempt positions for a toxicologist and an air quality modeler. Funding for the positions is by way of the environmental response revolving fund and the clean air special fund.

Support for this bill was received from the Department of Health, Chevron and the Sierra Club of Hawaii. Comments were also received from Hawaii Fueling Facilities Corporation, which did not oppose the measure. While acknowledging the need for increased staff at the Department of Health, it noted funding sources and expressed concern that this action not cause an increase in aviation jet fuel taxes.

Your Committee agrees with the intent of the bill and affirmed the appropriate use of the revolving and special funds for purposes of planning, prevention, preparedness, education, research, training, removal and remediation in the area of monitoring and maintaining air quality.

Technical, nonsubstantive amendments have been made for the purposes of clarity, consistency and style.

As affirmed by the record of votes of the members of your Committee on Energy and Environmental Protection that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1243, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1243, HD 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Meyer.

SCRep. 566 Energy and Environmental Protection on H.B. No. 1832

The purpose of this bill is to clarify that violations of the vehicular smoke emission rules and open burning control rules are violations pursuant to the Hawaii Penal code, section 701-107, Hawaii Revised Statutes, regarding grades and classes of offenses.

The Department of Health supported this measure as an administrative "housekeeping" bill that is intended to correct an inadvertent omission of a reference which clarifies that non-compliance constitutes a violation.

As affirmed by the record of votes of the members of your Committee on Energy and Environmental Protection that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1832 and recommends that it pass Second Reading and be referred to the Committee on Judiciary.

Signed by all members of the Committee except Representatives Kanohe, Morihara and Thielen.

SCRep. 567 Energy and Environmental Protection on H.B. No. 1210

The purpose of this bill is to authorize the Director of Health to establish rules for an Emissions Reduction Credit Banking and Trading Program.

Testimony in support of the bill was received from Chevron Products Company. Testimony in opposition to the bill was received from the Department of Health (DOH).

Upon further consideration, your Committee has amended this bill by:

- (1) Requiring the DOH to conduct a feasibility study of establishing an Emissions Reduction Credit Banking and Trading Program;
- (2) Appropriating \$1 to facilitate further discussion in order for DOH to conduct the study; and
- (3) Making technical, nonsubstantive revisions for purposes of clarity and style.

Your Committee believes that the intent of this bill is to examine programs that will achieve the environmental goal of reducing air emissions and pollutants over the long-term.

As affirmed by the record of votes of the members of your Committee on Energy and Environmental Protection that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1210, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1210, HD 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Meyer.

SCRep. 568 Energy and Environmental Protection on H.B. No. 2019

The purpose of this bill is to update the State Integrated Solid Waste Management Plan (State Plan) by permitting the Department of Health (DOH) to utilize additional moneys from the Environmental Management Special Fund (Fund) for this purpose. Specifically, this bill raises the Fund's expenditure ceiling for a one-year period to enable DOH to spend up to \$100,000 from the Fund.

The State Plan represents the primary document guiding the State and the counties in the development of solid waste management policy. The law requires the Office of Solid Waste Management to update the State Plan within six months of the final approval of the county plans, which were completed in 1995. However, due to staff and resource limitations, the State Plan update is now overdue. Revising the State Plan will allow the State and counties to continue to reduce economic and environmental costs associated with traditional solid waste management through recycling and waste minimization.

The DOH testified in support of this bill.

Upon further consideration, your Committee has amended this bill by:

- (1) Replacing the authorization to raise the expenditure ceiling by \$100,000 in section 2 with language that appropriates the same sum to update the State Plan; and
- (2) Making technical, nonsubstantive revisions for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Energy and Environmental Protection that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2019, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2019, HD 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Meyer.

SCRep. 569 Judiciary on H.B. No. 1430

The purpose of this bill is to authorize the Department of Education to establish canoe teams in each high school in cooperation with private canoe clubs.

Your Committee received supporting testimony from the Department of Education and from a concerned citizen.

Your Committee supports the intent of this bill and believes the sport of canoeing should be encouraged as a long-standing tradition in our State.

Your Committee has amended this measure by:

- (1) Expanding the immunity from civil liability provision to require insurance providers to cover vehicle related accidents and to include a reference to canoeing as a traditional Hawaiian activity;
- (2) Clarifying the section title to read "Canoe teams of Hawaii" to reflect the unique aioha spirit which brings people together; and
- (3) Making technical, nonsubstantive amendments for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1430, HD 1, as amended herein, and recommends that it be referred to the Committee on Finance, in the form attached hereto as H.B. No. 1430, HD 2.

Signed by all members of the Committee except Representatives Case, Hiraki and Menor.

SCRep. 570 Public Safety and Military Affairs on H.B. No. 1638

The purpose of this bill is to enable the Department of Public Safety (DPS) to hire an additional thirty exempt employees for its Correctional Industries Program.

Testimony in support of this measure was received from DPS.

Your Committee has amended this bill by:

- (1) Changing the number of temporary exempt positions the director may appoint, from a maximum of 60 to 45;
- (2) Requiring that the DPS's annual report to the Legislature include:
 - (a) The distribution of inmates among the various corrections industry occupations;
 - (b) A statement of the goods and services provided and the revenue derived; and
 - (c) A listing of participating inmates who, upon release, find gainful employment or commit subsequent offenses;
- (3) Requiring that the Corrections Industry establish and report on referral and monitoring program by which the success of the Corrections Industry as a rehabilitation program can be evaluated, including:
 - (a) A post release employment counseling and referral system for all inmates employed in the Corrections Industry.
 - (b) Tracking and reporting on all inmates released to the community with regard to employment by industry; and
 - (c) Identification and reporting of all inmates employed by the Corrections Industry who are recommitted with reference to release and recommitment dates.

As affirmed by the record of votes of the members of your Committee on Public Safety and Military Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1638, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1638, HD 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 571 Human Services and Housing and Health on H.B. No. 2017

The purpose of this bill is to require and expedite conversion by June 30, 2003, of all ARCHs willing to convert to qualify for providing long-term care for individuals certified for nursing facility level care.

Written and oral testimony, offered by the Department of Health (DOH), and several individual citizens, revealed general support for the intent of this measure and the pursuit to help care for the rapidly growing elder population in this State.

Your Committees discussed and considered this measure and pass it unamended.

As affirmed by the records of votes of the members of your Committees on Human Services and Housing and Health that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 2017, and recommend that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committees except Representatives Stegmaier and Whalen.

SCRep. 572 Human Services and Housing and Health on H.B. No. 1717

The purpose of this bill is to provide the medical assistance program with sufficient funds to reimburse its health care providers and health plans for fiscal year 1996-1997, as a critical funding emergency now exists.

Both written and oral testimony offered by the Department of Human Services (DHS), and the Healthcare Association of Hawaii, voiced strong support and a critical need for this administrative measure making an emergency appropriation for the State Medical Assistance Program in the amount of \$55,402,862 in general funds for the fiscal year 1996-1997. Due to a weakened economy, and more liberal eligibility requirements, the state's Medicaid population increased during the fiscal year beyond expectations and has created a shortfall.

Your Committees discussed and considered this important measure and pass it unamended.

As affirmed by the records of votes of the members of your Committees on Human Services and Housing and Health that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 1717, and recommend that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committees except Representative Stegmaier.

SCRep. 573 Energy and Environmental Protection on H.B. No. 1208

The purpose of this bill is to amend the current moratorium limiting the opening of new company operated retail service stations in Hawaii by petroleum manufacturers or jobbers until August 1, 1997.

In particular, this bill provides that upon the termination of the moratorium, manufacturers and jobbers of petroleum products may open company operated retail service stations, or convert dealer operated retail service stations to company operated stations, based on the manufacturer's or jobber's market share in its market area, as determined by the department of business, economic development, and tourism.

Specifically, the bill provides that those manufacturers or jobbers having over a thirty per cent market share may open no new company stations and make no conversions; those having from twenty to thirty per cent share may open one new company station or make one new conversion each year; those having from ten to twenty per cent market share may open two new company stations or make two new conversions each year; and those having a ten per cent or less market share may open an unlimited number of company stations or conversions each year. In addition, the bill amends the definition of "company operated retail service station" to include co-branded outlets with restaurants or convenience stores.

Upon further consideration, your Committee has amended this bill by:

- (1) Deleting the requirement that the determination of a manufacturer's or jobber's market share be within its market area;
- (2) Allowing manufacturers or jobbers having specified market shares to open or convert the designated number of stations each year;
- (3) Allowing manufacturers or jobbers having a fifteen to thirty per cent market share (rather than twenty to thirty per cent), to open two new company operated retail service stations instead of one; and deleting language that would have allowed the opening of these stations for each year that the market share is retained;
- (4) Deleting the provision allowing manufacturers or jobbers having a ten to twenty per cent market share to open two new company operated retail service stations or convert two dealer operated stations to company operated stations for each year that they retain that market share;
- (5) Allowing manufacturers or jobbers having a fifteen per cent or less market share (rather than ten per cent or less), to open an unlimited number of new company operated retail service stations or convert an unlimited number of dealer stations to company stations; and deleting language that would have allowed the opening or conversion of these stations for each year that the market share is retained;
- (6) Amending the definition of "dealer operated retail service station" to mean one that is operated by an independent service station, rather than a qualified gasoline dealer;
- (7) Adding a new definition of "retail";
- (8) Amending the law allowing manufacturers or jobbers to acquire or construct replacement retail service stations to replace existing company operated stations to provide that replacement stations are to be located within a three-mile radius, rather than a one-mile radius, of the retail stations that they replace; and
- (9) Specifying that market share is to be determined by dividing the gallons of gasoline sold by each manufacturer or jobber at retail by the total retail gallons of gasoline sold within the most recent twelve month period.

As affirmed by the record of votes of the members of your Committee on Energy and Environmental Protection that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1208, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1208, HD 1, and be referred to the Committees on Consumer Protection and Commerce and Judiciary.

Signed by all members of the Committee except Representative Meyer.

SCRep. 574 Energy and Environmental Protection on H.B. No. 1837

The purpose of this bill is to fund and support the Local Emergency Response Planning Committees (LEPCs) to plan, prepare, and respond to chemical emergencies by transferring, from the general fund to the Environmental Response Revolving Fund, the \$100 filing fee assessed to each facility under the Hawaii Emergency Planning and Community Right-to-Know Act (HEPCRA), Chapter 128E, Hawaii Revised Statutes (HRS).

Under HEPCRA, each county is designated as an emergency planning district and is required to have a LEPC. Currently, no funding for LEPC exists, although their activities are mandated by both federal and state law.

Testimony in support of this bill was received from the Department of Health (DOH), the Office of Environmental Quality Control, the Oahu Civil Defense, the County of Hawaii Fire Department, BHP Hawaii, Chevron, the Hawaii Agriculture Research Center, the Sierra Club, and a concerned citizen.

Currently, the filing fee of \$100 is set by statute in section 128D-5, HRS, rather than by rule. According to the DOH, other states have implemented a fee schedule based upon a sliding scale.

Upon further consideration, your Committee has amended this bill by:

- (1) Imposing an expenditure ceiling to limit the funding of LEPCs to the filing fees collected under section 128E-9;
- (2) Establishing a special account for filing fees collected under section 128E-9; and
- (3) Making technical, nonsubstantive revisions for purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Energy and Environmental Protection that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1837, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1837, HD 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Morihara.

SCRep. 575 Energy and Environmental Protection on H.B. No. 1836

The purpose of this bill is to:

- (1) Authorize the State to administer a revolving fund program for the improvement of public water systems. Under this program, federal funds augmented by State funds would be made available in the form of low interest loans to water suppliers for the improvement of their water systems. In order to obtain federal funds, the State must provide a 20 percent match in State funds;
- (2) Add the authority and programs required under the federal Safe Drinking Water Act Amendments of 1996, which allow the State to qualify for the receipt of federal funds for this purpose; and
- (3) Allow the Director of Health the discretion to approve grant, loans, and any available financial assistance.

Your Committee believes that this bill will significantly benefit the State by improving the quality of drinking water at cost savings to both the water supplier and the water consumer.

Testimony in support of this bill was received from the Department of Health; the Board of Water Supply, the City and County of Honolulu; the Maui County Board of Water Supply; Hawaii Agriculture Research Center; Kukui (Molokai), Inc.; West Hawaii Utilities; American Water Works Association; and a concerned citizen. No testimony in opposition to the bill was received.

A concern was raised by the counties that the allocation and payment of their portion of the federal funds is often delayed by the Department of Budget and Finance and the Governor's Office. It is hoped that your Committee on Finance will explore the means that would expedite the counties' receipt of federal funds either directly from the federal government or directly from the Department of Health.

Upon further consideration, your Committee has amended this bill by:

- (1) Allowing the State or the counties to provide the 20% matching funds, in order not to jeopardize the federal funding where the State is unable to match the federal funds; and
- (2) Making technical nonsubstantive amendments for purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Energy and Environmental Protection that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1836, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1836, HD 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Meyer.

SCRep. 576 Energy and Environmental Protection on H.B. No. 1271

The purpose of this bill is to increase the solid waste management surcharge from twenty-five cents per ton to thirty-five cents per ton.

Testimony in support of the bill was submitted by the Department of Health, the Sierra Club, and the Hawaii Food Industry Association. The Western States Petroleum Association submitted comments on the bill.

Your Committee finds that the solid waste disposal surcharge is deposited into the Environmental Management Special Fund, which partially funds the operations of the Office of Solid Waste Management (Office). The Office is currently understaffed, and the additional revenue resulting from the increased surcharge will enable it to fill two of its three vacant positions. The filling of these positions will enable the Office to improve its operations, including:

- (1) Reducing the six to eight month backlog in the permit review and approval process;
- (2) Improving the regulatory review of certain types of facilities; and
- (3) Increasing the capacity to investigate and enforce laws related to illegal dumping activities.

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

As affirmed by the record of votes of the members of your Committee on Energy and Environmental Protection that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1271, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1271, HD 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 577 Culture and the Arts on H.B. No. 798

The purpose of this bill is to direct one-half of the moneys allocated to the Works of Art Special Fund to a new Works of Art Endowment Fund (Endowment Fund), from which the interest earned would be used to promote art in the same way as the Works of Art Special Fund.

The Waikiki Gallery Inc., submitted testimony supporting the bill. The State Foundation on Culture and the Arts (SFCA) concurred with the intent of the bill. The Honolulu Academy of Arts and an individual submitted comments on the bill.

While concurring with the intent of the bill, SFCA testified that, due to the recent budget cutbacks, SFCA cannot afford to relinquish one-half of its allocations to establish the Endowment Fund and continue to adequately function. However, SFCA stated that a smaller portion would be acceptable.

Your Committee has amended this bill by:

- (1) Changing the amount allocated to the Endowment Fund from one-half to ten percent of the funds allocated to the Works of Art Special Fund; and
- (2) Making technical, nonsubstantive revisions for purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Culture and the Arts that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 798, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 798, HD 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 578 Culture and the Arts and Higher Education on H.B. No. 1662

The purpose of this bill is to extend the deadline for the termination of the existing management arrangement for the State Aquarium from June 30, 1997, to June 30, 1999.

Your Committees find that Act 184, Session Laws of Hawaii 1995, allows the University of Hawaii to contract with a private nonprofit entity to manage the State Aquarium. The intent is to operate it in a more businesslike manner and improve its fundraising potential.

However, the proposal by the Governor to transfer the State Aquarium from Waikiki to Kakaako places a significant and unanticipated risk on any nonprofit corporation planning to assume management responsibility for the Waikiki facility. This bill provides an extension so that this issue can be resolved properly.

As affirmed by the records of votes of the members of your Committees on Culture and the Arts and Higher Education that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 1662 and recommend that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committees except Representative Stegmaier, Takumi, Tarnas, Yonamine and McDermott.

SCRep. 579 Education on H.B. No. 1730

The purpose of this bill is to restructure the advisory council for literacy and lifelong learning by changing its name, its appointing authority, its membership size, and its mission.

Specifically, this bill:

- (1) Changes the name of the advisory council for literacy and lifelong learning to the "advisory alliance for literary and lifelong learning";
- (2) Changes the appointing authority from the governor to the board of education;
- (3) Decreases the council size from eighteen to seven members; and
- (4) Clarifies that its mission is to act as a statewide literacy planning alliance, maximizing resources for community-level programs.

Favorable testimony was received from the State Librarian.

Your Committee believes that these changes are necessary to implement the State Librarian's 1996 blueprint for literacy, approved by the Board of Education. These changes will serve to focus and maximize literacy resources at both community and state levels through clearly defined strategies, identifiable outcomes, and changes to existing literacy and lifelong learning mandates.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1730, and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Morihara, Yonamine and McDermott.

SCRep. 580 Education on H.B. No. 1708

The purpose of this bill is to exempt noncertificated part-time temporary casual employees in the Department of Education employed on an hourly or per diem basis, and on a less than half-time basis, from the civil service law and to clarify that these employees are not eligible for vacation or sick leave benefits.

The individuals to whom this bill relates include, but are not limited to, employees in the after-school plus program and other similar child care programs, the after-school instruction program, the athletics program, the adult-community school program, and the summer school program; substitute employees working on an on-call basis; para-professional tutors; and temporary contract employees.

In addition, this bill clarifies that certificated employees in the Department of Education employed on a less than half-time basis are not eligible for vacation and sick leave benefits.

Your Committee received testimony in support of this bill from the Department of Education.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1708, and recommends that it pass Second Reading and be referred to the Committee on Labor and Public Employment.

Signed by all members of the Committee except Representatives Morihara, Yonamine and McDermott.

SCRep. 581 Education on H.B. No. 1831

The purpose of this bill is to clarify certain medical provisions concerning schools and infectious and communicable diseases that are the responsibility of the Department of Health.

Specifically, this bill extends provisional admission to school children whose immunization schedules are incomplete, clarifies the school administrator's duty to notify parents of the incomplete schedule, and also clarifies the authority of school health aides to administer medication. Additionally, this bill requires that any tests for the presence of HIV be approved by the Food and Drug Administration.

Your Committee received testimony in favor of the measure from the Department of Education, the Department of Health, and an individual resident educator. Testimony received from the Hawaii Government Employees Association expressed concerns but did not oppose the measure.

The clarifications made in this bill streamline the immunization process for school children by allowing room for required waiting periods between immunizations. Moving the responsibility for providing requisite notice concerning the immunization process to the school administrator simplifies the communication between the school and parents. This bill also allows the Department of Health to centralize information regarding vaccination and immunization providing more effective outbreak management. This does not prevent district health offices from maintaining records as well. Your Committee finds these amendments will benefit the overall health of the people of the State of Hawaii.

Your Committee finds that authorizing school health aides to assist students by administering emergency care in life threatening situations operates to protect the school personnel and students to whom they provide care. Your Committee wishes to make specific note of the fact, however, that it is essential for school health aides to receive proper training in the use of the emergency equipment and to provide them with sufficient protection from liability.

Finally, this bill addresses the testing procedures for the presence of the HIV antibody. Your Committee finds that requiring the use of only FDA approved tests is an important safeguard.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1831, HD 1, and recommends that it be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Yonamine and McDermott.

SCRep. 582 Education on H.B. No. 1139

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

- (1) Allow each school to purchase commonly used educational, office, and custodial supplies directly from producers, wholesalers, and retailers of these supplies, beginning July 1, 1998;
- (2) Repeal section 302A-1304, Hawaii Revised Statutes, which established a storeroom within the Department of Education (DOE) to:
 - (A) Provide schools a source for commonly used educational, office, and custodial supplies; and
 - (B) Establish a revolving fund to be known as the "storeroom revolving fund";
 and
- (3) Direct the superintendent of education to transfer all unexpended and unencumbered balances remaining in the storeroom revolving fund to the State general fund.

Your Committee finds from the testimony presented, that the storeroom provides a valuable service to schools, by delivering economy of effort, the power of bulk purchasing, availability of supplies, cost savings, and compliance with a multitude of purchasing laws and concepts. However, schools should be allowed to purchase supplies on the open market, should they deem it more efficient and economical to do so.

Your Committee agrees with the recommendations of DOE and has amended the bill to delete sections 2 and 3 of the bill, which, respectively, repealed section 302A-1304, Hawaii Revised Statutes, and directed the superintendent of education to transfer all unexpended and unencumbered balances remaining in the storeroom revolving fund to the state general fund.

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

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1139, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1139, HD 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Arakaki, Takamine and Yonamine.

SCRep. 583 Education on H.B. No. 522

The purpose of this bill is to recognize a public and private partnership between the State and a private nonprofit corporation created as a focal point for policy development and enhancing and developing early childhood education services.

Favorable testimony was received from the Department of Education, the Department of Health, the Department of Human Services, the Office of Hawaiian Affairs, and the Good Beginnings Alliance. The Governor's office also submitted favorable testimony with recommended amendments.

Your Committee finds that the State has developed a good beginnings early education and care master plan that can play an important role in assisting families in their efforts to educate and rear their young children. This bill will help implement the plan. This bill will not create a new public entity but instead will authorize a sustainable, effective, and participatory coordinating structure to cut through existing social service systems to help coordinate early childhood services for families with young children.

Your Committee has amended the bill by:

- (1) Changing the reference to "churches" as a primary provider to "religious organizations";
- (2) Specifying that the policy recommendations include aspects of early childhood education as described in the good beginnings early childhood education and care master plan;
- (3) Changing language placing the council in the Office of the Governor to language that would have the council convened by the Office of the Governor;
- (4) Changing one of the board members from a member representing consumers of early childhood education and care services to a parent of a child receiving early childhood education and care services;
- (5) Specifying that the plan to be considered by the interdepartmental council be the good beginnings plan; and
- (6) Removing the repeal date for the interdepartmental council and requiring that the whole Act be repealed on June 30, 2002.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 522, HD 1, as amended herein, and recommends that it be referred to the Committee on Finance, in the form attached hereto as H.B. No. 522, HD 2.

Signed by all members of the Committee except Representatives Yonamine and McDermott.

SCRep. 584 Education on H.B. No. 1433

The purpose of this bill is to establish a community-based pilot project that enables students to have an opportunity to participate in the formulation of activity programs.

Your Committee received a considerable amount of written testimony, including oral testimony from students from Pa'auilo School, Laupahoehoe High & Elementary School, and Kohala High School, all in support of this bill.

Your Committee finds that youth can play meaningful roles in the development of programs that will build and strengthen our communities and demonstrate the basic values of pride, integrity, self-esteem, and respect. Your Committee believes that including youth in the planning and decision-making stages of programs and activities that directly affect them, enhances their success and effect.

Your Committee has amended this bill by:

- (1) Adding the Office of Youth Services to the list of departments and organizations that shall be invited to participate on steering committees.
- (2) Changing the appropriation for fiscal year 1997-1998 from \$30,000 to \$1 and for fiscal year 1998-1999 from \$30,000 to \$1 to facilitate further discussion.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1433, HD 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1433, HD 2, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Yonamine, McDermott and Moses.

SCRep. 585 Education on H.B. No. 1910

The purpose of this bill is to establish an interdepartmental decategorization demonstration program for the delivery of mental health, educational, and protective services to multi-problem children and adolescents receiving multi-services and their families.

Testimony in strong support of this measure was received from the Mental Health Association in Hawaii and the Child and Adolescent Mental Health Task Force. The Department of Education submitted comments indicating that it supports the intent of the bill. Comments were received from the Governor's Office, the Department of Budget and Finance, the Department of Health, and the Department of Accounting and General Services that this measure is unnecessary since a proviso in the budget already requires that it be done.

Your Committee finds that the establishment through this bill, of an interdepartmental program for the development of pilot projects to serve children and adolescents, will be another important step forward in fulfilling the State's obligations under the Felix v. Waihee consent decree.

However, in order to ensure the willing participation of State personnel in the demonstration program and also that the same level of service is being provided by their departments in their absence, your Committee finds it necessary to amend this bill to prohibit the elimination of the positions of any employees during their participation in the program and to permit their return to their former positions upon the termination of the program.

In addition, your Committee has made technical, nonsubstantive revisions to this measure for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1910, HD 1, as amended herein, and recommends that it be referred to the Committee on Finance, in the form attached hereto as H.B. No. 1910, HD 2.

Signed by all members of the Committee except Representatives Yonamine, McDermott and Moses.

SCRep. 586 Consumer Protection and Commerce on H.B. No. 2209

The purpose of this bill is to impose a tax on the transient occupancy of resort time shares in a manner similar to the tax currently imposed on the transient accommodations of hotel rentals.

Your Committee has received the following testimonies:

- (1) Supportive testimony of the bill was received from the Mayor of the County of Maui, the Chair of the Maui County Council, the International Longshoremen's and Warehousemen's Union Local 142, Trilogy Excursions, the Activity Owners Association of Hawaii, the Maui Hotel Association, and the Hawaii Hotel Association;

- (2) Testimony opposing the bill was received from Consolidated Resorts, Inc., Kahana Falls Resort, American Resort Development Association, Hilton Grand Vacation Company, the Lifetime In Hawaii Interval Owners Association, and a number of individuals;
- (3) Comments on the measure were received from the Department of Taxation, Royal Aloha Vacation Club, Marriott Vacation Club International, The Bay Club Ownership Resorts, the Tax Foundation of Hawaii, and an individual.

Act 340, Session Laws of Hawaii 1986, established the Transient Accommodations Tax (TAT), in large part, to help pay for costs that hotel guests impose on the infrastructure of the state and counties.

Your Committee believes that resort time share owners have many of the attributes of hotel guests that prompted the Legislature to establish the TAT 11 years ago. Resort time share owners utilize state and county infrastructure and services such as fire, police, lifeguard protection, roads and highways, and other facilities. However, unlike hotel guests, most resort time share owners are not similarly subject to the TAT. To help equalize the financial burden of maintaining state and county infrastructure, your Committee believes that the establishment of a transient occupancy tax on resort time share units is justified.

After carefully considering the merits of the measure and the testimonies received, your Committee has amended the bill by:

- (1) Including a conforming amendment to the Convention Center Capital and Operations Special Fund (Fund) to provide that a portion of the revenues from the transient occupancy tax are to be deposited into the Fund; and
- (2) Making technical, nonsubstantive amendments for purposes of style, clarity, and consistency.

In recommending that the bill be referred to the Committee on Finance, your Committee respectfully requests that the Finance Committee consider developing a plan that would:

- (1) Allow the several counties to decide whether participating in the transient occupancy tax as proposed by this bill would be appropriate for their particular situation; and
- (2) Impose the tax and allocate its revenues in a fair and equitable manner to those counties that decide to participate in the proposed tax.

Additionally, the Committee on Finance is requested to consider the constitutionality of the proposed tax.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2209, as amended herein, and recommends that it be referred to the Committee on Finance, in the form attached hereto as H.B. No. 2209, HD 1.

Signed by all members of the Committee except Representatives Garcia and Tom.
(Representatives Kawanakoa and Whalen voted no.)

SCRep. 587 Human Services and Housing on H.B. No. 1507

The purpose of this bill is to improve the pursuit of new opportunities waiver by keeping its positive features, by repealing the twenty per cent reduction in cash assistance, returning the standard of need to at least sixty-two and one-half per cent of the current federal poverty level, and to incrementally lift the standard of need to one hundred per cent of the current federal poverty level.

Both written and oral testimony submitted by the Department of Human Services (DHS), the Office of Hawaiian Affairs, the American Friends Service Committee, the Committee On Human Services and Housing, the National Association of Social Workers, two professors of social work from the University of Hawaii, the Committee on Welfare Concerns, the American Association of Retired Persons, and numerous concerned individual citizens, emphatically voiced their support for the intent of this measure. The only comments that were not in overall support were those made by DHS, wherein they could not support the bill due to the substantial increase in cost to the Department and because this measure, in their eyes, conflicts with the Department's strategy for welfare reform.

The Committee is in accord with the intent of this measure, and discussed possible ramifications and amendments.

Your Committee after serious reflection and consideration has decided to pass this measure unamended.

As affirmed by the record of votes of the members of your Committee on Human Services and Housing that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1507, and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 588 Consumer Protection and Commerce on H.B. No. 2239

The purpose of the bill is to require that the Public Utilities Commission (PUC), on an application for approval to place or construct a high-voltage electric transmission system, order the underground construction of the system, unless the applicant can demonstrate compelling reasons for overhead construction. The bill also establishes additional factors to be considered in the PUC's determination, and authorizes the PUC to allocate the difference in cost between undergrounding and overheading to consumers who disproportionately benefit from the underground construction.

Supportive testimony was received from the Sierra Club, Hawai'i Chapter, Na Leo Pohai, and numerous concerned individuals. The Department of Transportation testified in support of the intent of the bill, and the PUC offered comments on the measure. Testimony in opposition to the bill was received from the Department of Commerce and Consumer Affairs, Division of Consumer Advocacy, and Hawaiian Electric Company.

There has been significant controversy and public debate on the issue of underground versus overhead placement of high-voltage electric lines. Proponents of undergrounding argue that overhead high-voltage lines pose health and safety risks, and destroy the islands' natural beauty. Arguments in favor of overhead construction are based upon the significantly higher costs of placing lines underground as opposed to overhead. For example, the Waiiau-CEIP 138kv transmission line was placed overhead at a cost of \$30 million. The estimate for undergrounding the same system was \$129 million.

Presently the PUC has the discretion to determine whether high-voltage lines should be placed overhead or underground after considering several factors, including whether a governmental agency or other party is willing to pay for the additional costs of undergrounding. Establishing a presumption in favor of undergrounding, and requiring that consumers who disproportionately benefit from the undergrounding pay for the increased costs is likely to result in the assessment of significant costs against consumers. It would also present a problem in trying to identify those consumers who should be assessed. Therefore, and after careful consideration of the testimony submitted, your Committee has amended the bill by:

1. Amending language in the findings and purpose section of the bill (section one);
2. Requiring, rather than allowing the PUC, to consider certain factors in approving the underground or overground construction of new 46kv or greater high-voltage electric transmission systems;
3. Deleting the presumption in favor of undergrounding, unless compelling reasons are demonstrated for overheading;
4. Establishing additional factors the PUC must consider in applications for the construction of new 138kv or greater high-voltage transmission systems;
5. Deleting the provision that authorizes the PUC to allocate excess costs resulting from underground placement of electric transmission systems to consumers who disproportionately benefit from the underground placement; and
6. Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2239, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2239, HD 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Garcia and Tom.

SCRep. 589 Consumer Protection and Commerce on H.B. No. 2202

The purpose of the bill is require that the Insurance Commissioner (Commissioner) recommend to the 1998 Legislature legislation requiring captive management companies to make disclosures regarding their organization, operations and financial condition.

The Department of Commerce and Consumer Affairs, Insurance Division, submitted comments on the measure. Testimony in support of the bill was received from the Hawaii Captive Insurance Council, Alexander Insurance Managers Hawaii, Becher and Carlson Companies, and Johnson and Higgins Services, Inc. Marsh and McLennan testified in opposition to the bill.

With forty-nine licensed captive insurance companies, Hawaii is the second largest captive domicile in the United States and the largest in the Asia-Pacific region. The industry contributes to the economic well being and growth of the State, employing management companies, attorneys, claim adjusters, and certified public accountants. Captives write millions of dollars in premiums, upon which taxes are paid to the State, and maintain millions of dollars in Hawaii's financial institutions. Therefore, it is important that the State continue to promote the growth and development of this burgeoning industry.

It is also vital that the State maintain a regulatory infrastructure with sufficient resources and expertise to keep up with the industry's growth. Accordingly, your Committee has amended the bill by replacing its contents with language that:

1. Authorizes the establishment of a Captive Insurance Administrator (Administrator) within the office of the Commissioner, whose responsibility it is to monitor, regulate, and develop the State's captive insurance industry;
2. Authorizes the appointment of examiners and administrative staff to assist the Administrator;
3. Requires the establishment of a salary for the Administrator and defines the Administrator's general powers and duties;
4. Establishes a Captive Insurance Administrative Fund (Fund) consisting of premium taxes and fees paid by captive insurance companies, a portion of which may be used to fund staff salaries and training, to pay for expenses related to the monitoring, regulation and examination of captives, or be applied towards the development of the captive insurance industry; and
5. Requires the Commissioner to submit an annual report to the legislature on the use of the Fund.

In view of the fiscal issues raised by this House draft, your Committee recommends that this measure be forwarded to the Finance Committee for further consideration.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2202, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2202, HD 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Case, Garcia, Tom and Yoshinaga.

SCRep. 590 Consumer Protection and Commerce on H.B. No. 650

The purpose of this bill is to help increase patient accessibility to much needed mental health and substance abuse treatment, especially in rural and remote areas of the State.

Specifically, the bill proposes to accomplish this by including health insurance benefits for mental health and substance abuse treatment services provided by certain advanced practice registered nurses.

Supportive testimony on the measure was received from the Department of Health, the National Association of Social Workers, the Hawaii Nurses' Association, the Mental Health Association in Hawaii, the Hawaii State Primary Care Association, the Hawaii Psychological Association, and numerous individuals. The Hawaii Federation of Physicians and Dentists submitted testimony opposing the bill.

Testimony indicated that it has been a long-standing practice to utilize nurses as mental health and substance abuse treatment providers. In addition to psychiatrists and psychologists, the federal government has long recognized other licensed practitioners as appropriate and effective providers of mental health treatment services. The results of many studies have demonstrated the advantages of having advance practice registered nurses included in these benefits, and reveal that the addition of these licensed professionals leads to increased access to mental health treatment in rural areas.

Your Committee believes that increased access to qualified professionals is urgently needed as the State implements the Felix v. Waihee plan and seeks to have child, adolescent, and adult mental health services available statewide.

After carefully considering the merits of the bill and the testimonies received, your Committee has amended the measure by, among other things:

- (1) Clarifying that this does not expand the scope of practice of, nor grant prescriptive authority privileges to, nurses;
- (2) Requiring partial hospitalization services to be prescribed through consultation with a state-licensed physician or state-licensed psychologists;
- (3) Allowing partial hospitalization services to be performed by certain advanced practice registered nurses in consultation with state-licensed physicians or state-licensed psychologist;
- (4) Permitting certain advance practice registered nurses to approve individual treatment plans; provided that the patient is not currently under the care or treatment of a state-licensed physician or state-licensed psychologist; and
- (5) Making technical, nonsubstantive revisions for purposes of style, clarity, and consistency.

Your Committee believes that discussion on the merits of this bill should continue. However, your Committee has concerns regarding the possible fiscal impact this bill may have on consumers. Therefore, your Committee respectfully requests the Committee on Finance to further investigate and examine the possible implications this bill may have on cost to consumers.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 650, HD 1, as amended herein, and recommends that it be referred to the Committee on Finance, in the form attached hereto as H.B. No. 650, HD 2.

Signed by all members of the Committee except Representatives Garcia, Tom and Yoshinaga.

SCRep. 591 Consumer Protection and Commerce on H.B. No. 651

The purpose of this bill is to help increase patient accessibility to much needed mental health and substance abuse treatment, especially in rural and remote areas of the State.

Specifically, the bill proposes to accomplish this by including health insurance benefits for mental health and substance abuse treatment services provided by certain state-licensed social workers.

Supportive testimony on the measure was received from the National Association of Social Workers, the Mental Health Association in Hawaii, the University of Hawaii School of Social Work, Catholic Charities Family Services, the Protection and Advocacy Agency of Hawaii, the Hawaii Nurses' Association, and numerous individuals. The Department of Health and the Hawaii Psychological Association submitted comments on the bill.

Testimony indicated that it has been a long-standing practice to utilize clinical social workers as mental health and substance abuse treatment providers. In addition to psychiatrists and psychologists, the federal government has long

recognized other licensed practitioners as appropriate and effective providers of mental health treatment services. The results of many studies have demonstrated the advantages of having clinical social workers included in these benefits, and reveal that the addition of these licensed professionals leads to increased access to mental health treatment services in rural areas.

Your Committee believes that increased access to qualified professionals is urgently needed as the State implements the Felix v. Waihee plan and seeks to have child, adolescent, and adult mental health services available statewide.

After carefully considering the merits of the bill and the testimonies received, your Committee has amended the measure by, among other things:

- (1) Clarifying that the provision of the bill does not expand the scope of practice, nor grant prescriptive authority privileges to social workers;
- (2) Requiring partial hospitalization services to be prescribed through consultation with state-licensed physicians or state-licensed psychologists;
- (3) Allowing partial hospitalization services to be performed by certain social workers in consultation with state-licensed physicians or state-licensed psychologist;
- (4) Requiring individualized treatment plans to be approved through consultation with state-licensed physicians or state-licensed psychologists; and
- (5) Making technical, nonsubstantive revisions for purposes of style, clarity, and consistency.

Your Committee believes that discussion on the merits of this bill should continue. However, your Committee has concerns regarding the impact the bill may have on costs to consumers. Therefore, your Committee respectfully requests the Committee on Finance to further investigate and examine the possible impacts this bill may have on cost to consumers.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 651, HD 1, as amended herein, and recommends that it be referred to the Committee on Finance, in the form attached hereto as H.B. No. 651, HD 2.

Signed by all members of the Committee except Representatives Garcia and Tom.

SCRep. 592 Consumer Protection and Commerce on H.B. No. 1533

The purpose of the bill is to prohibit the governor from transferring moneys from the universal service fund to the State general fund.

Testimony in support of the bill was received from the Department of Commerce and Consumer Affairs, Office of Consumer Advocacy, the Department of Budget and Finance, Public Utilities Commission, GTE Hawaiian Telephone Company, AT&T, and Oceanic Communications.

The universal service fund was created in 1995 as a funding mechanism for the universal service program. One of the purposes of the program is to make basic residential telecommunications services available at an affordable cost to residents living in rural areas, the elderly, the disabled, and low-income persons. This measure is necessary to ensure that the moneys in the fund will not be diverted to the general fund for other uses and will be available to support the purposes of the universal service program.

Upon careful consideration, and based upon the testimony of the public utilities commission that the fund would be better protected by privatizing it, your Committee has amended the bill by deleting the amendment to section 37-53 of the Hawaii Revised Statutes (HRS), and replacing it with an amendment to section 269-42, HRS.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1533, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1533, HD 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Garcia, Tom and Yoshinaga.

SCRep. 593 Consumer Protection and Commerce on H.B. No. 351

The purpose of the bill is to expedite and facilitate the state permit approval process by establishing a task force within the Department of Business, Economic Development (DBEDT), and Tourism to, among other things, review the consolidated application process, and determine which permits may be approved by administrative rule (permit by rule) and which permits require state agency review (permit by review).

The following agencies or organizations testified in support of the bill's intent to streamline the state permitting process, but offered additional comments, concerns, or amendments: DBEDT, Department of Health, Department of Accounting and General Services, City and County of Honolulu, Department of Land Utilization, American Institute of Architects/Hawaii State Council, Land Use Research Foundation of Hawaii, and Consulting Engineers Council of Hawaii. Testimony in opposition to the bill was received from the Sierra Club, Hawai'i Chapter, and Hawaii's Thousand Friends.

A vigorous construction industry is essential to the State's economy, and the establishment of a task force to assist DBEDT in streamlining the state permit approval process will help to stimulate and facilitate construction activity in this State. While the weight of the testimony on this measure favored the creation of the permit approval task force, testimony was also received expressing concern over the perceived relaxation of permit requirements, the extent of the task force's authority, the State's exemption from county building approval, and other matters. Accordingly, and after careful consideration, your Committee has amended the bill by:

1. Clarifying that the underlying requirements for a building permit have not been amended;
2. Establishing that the task force's role with respect to determining which permits shall be approved by rule and which shall require agency review is advisory in nature;
3. Providing that the task force's plan to enable applicants to obtain approval through the permit by rule procedure will not include all applicants; and
4. Removing the exemption from the county permit approval process for State projects.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 351, as amended herein, and recommends that it be referred to the Committee on Finance, in the form attached hereto as H.B. No. 351, HD 1.

Signed by all members of the Committee except Representatives Garcia and Tom.

SCRep. 594 Consumer Protection and Commerce on H.B. No. 123

The purposes of the bill are to require that maternity benefits include a minimum hospital stay and post-discharge care, prohibit the offering of early discharge incentives to maternity patients, and require the director of health to convene a broad-based group to address issues related to postpartum care standards, early discharge, and community services.

Supportive testimony was received from the Hawaii Medical Association, Healthy Mothers, Healthy Babies Coalition of Hawai'i, Hawaii Nurses Association, and a concerned individual. The Department of Human Services, Hawaii Medical Service Association, and Hawaii Chapter of the American Academy of Pediatrics testified in opposition to the bill. State Farm Insurance Companies submitted comments on the measure.

Your Committee finds that adequate inpatient and post-discharge care for maternity patients and their newborn babies is necessary to reduce the risk of problems associated with premature discharge and the incidence of hospital readmissions for mother and child. This measure will ensure that women with maternity benefits coverage receive a minimum of forty-eight to ninety-six hours of inpatient care, and that mothers who, with the approval of their physicians opt for an early discharge, receive a minimum of two post-discharge visits by a registered nurse.

Upon careful consideration, your Committee has amended the bill by:

1. Clarifying that the requirement to provide benefits as set forth in section 431:10A-A, Hawaii Revised Statutes, applies only to health insurance policies that include maternity coverage;
2. Requiring "immediate" post-discharge care;
3. Deleting the requirements that one of the two required post-discharge care visits must be offered as a home visit, and that a registered nurse must provide post-discharge care under a physician's supervision;
4. Prohibiting the offering of "other" early discharge incentives, to include incentives besides money and rebates;
5. Clarifying that a publicly-funded health insurance program for low income women such as the State's QUEST program is subject to the requirements of section 431:10A-A; and
6. Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 123, HD 1, as amended herein, and recommends that it be referred to the Committee on Finance, in the form attached hereto as H.B. No. 123, HD 2.

Signed by all members of the Committee except Representatives Garcia, Tom and Yoshinaga.

SCRep. 595 Consumer Protection and Commerce and Judiciary on H.B. No. 177

The purpose of the bill is to confer upon the state supreme court exclusive and original jurisdiction over disputes relating to the financing of the Hawaii Hurricane Relief Fund (HHRF) and the Hurricane Reserve Trust Fund through the issuance of revenue bonds and reimbursable general obligation bonds. Additionally, the bill corrects a typographical error in section 431P-16, HRS, relating to the special mortgage recording fee.

The Department of Commerce and Consumer Affairs, Hawaii Hurricane Relief Fund, and The Estate of James Campbell submitted testimony on the measure.

The intent of section one of this measure is to allow for the expeditious resolution of critical HHRF funding issues by requiring that all disputes involving legal challenges to the fund's financing based on Article VII of the State Constitution

be tried in the state supreme court. While your Committees believe that swift and decisive action on these matters is to the benefit of HHRF policyholders, it is your Committees' understanding that the exercise of original jurisdiction by the supreme court is usually reserved for undisputed factual matters involving issues of great legal import. Unlike the trial courts, the supreme court, with its multi-member composition, is not equipped to receive evidence and testimony, and to issue trial rulings except by majority vote. Therefore, the court's exercise of original jurisdiction is necessarily and rightfully limited.

Upon careful consideration, your Committees have amended the bill to provide that the state supreme court shall have original and exclusive jurisdiction over actual controversies concerning the applicability of Article VII of the State Constitution to HHRF financing arrangements based on the issuance of bonds.

As affirmed by the records of votes of the members of your Committees on Consumer Protection and Commerce and Judiciary that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 177, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 177, HD 1, and be referred to the Committee on Finance.

Signed by all members of the Committees except Representatives Garcia, Hiraki, Jones, Tom, Pendleton and Thielen.

SCRep. 596 Water and Land Use on H.B. No. 636

The purpose of this bill is to establish de minimus tolerances for classes of real property to avoid the need for costly rectification when these minor discrepancies are found.

Supportive testimony was submitted by the Hawaii Association of Realtors. Engineers Surveyors Hawaii, Inc., submitted testimony in support of the intent of this measure. The Department of Accounting and General Services and a concerned individual submitted comments on this measure.

Upon careful consideration, your Committee has amended this measure by:

- (1) Adding language to exclude encroachments to government or public lands as defined in sections 206-1 and 171-2, Hawaii Revised Statutes;
- (2) Increasing the de minimus tolerance from 0.13 feet to 0.25 feet for all other residential property (excluding commercial property and multi-unit residential property); and
- (3) Making technical, nonsubstantive amendments for purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Water and Land Use that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 636, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 636, HD 1, and be referred to the Committee on Judiciary.

Signed by all members of the Committee except Representatives Takamine, Morihara and Yoshinaga.

SCRep. 597 Water and Land Use on H.B. No. 1701

The purpose of this bill is to:

- (1) Designate the Hawaii Community Development Authority (HCDA) as the local redevelopment agency for redevelopment of federal real and personal property at the Barbers Point Naval Air Station declared surplus as a result of base realignment and closure actions;
- (2) Create the Kalaeloa Community Development District and development guidance policies to expedite the redevelopment of the Barbers Point Naval Air Station; and
- (3) Designate HCDA as the local redevelopment agency.

The Navy has declared approximately 2,150 acres of land at the Barbers Point Naval Air Station surplus and is preparing to convey the land to the State for redevelopment in accordance with a reuse plan submitted by the Governor.

The development of this reuse plan essentially completed the mission of the Barbers Point Naval Air Station Redevelopment Commission (Commission) which served primarily as a planning organization. The next major step is the development and execution of an implementation plan to ensure that the property being acquired by the State is developed in a timely manner. This implementation plan will address major issues such as:

- (1) Development, management, and cost-sharing of infrastructure;
- (2) Coordination of the development projects to be undertaken by the different entities to produce economies of scale and ensure timing; and
- (3) Cooperation with the Navy and other federal agencies who will continue to occupy the retained areas and may require utility and infrastructure support.

In supporting passage of this bill, the Department of Business, Economic Development, and Tourism (DBEDT) pointed out that the HCDA:

- (1) Is an existing organization with a support staff capable in the areas of real estate and infrastructure development;
- (2) Has been performing a similar role in the redevelopment of Kakaako; and
- (3) Has the authority to issue revenue bonds and undertake community development within districts established by the Legislature.

According to DBEDT, this bill will provide for the orderly transfer of the local reuse authority functions from the Commission, whose funding expires on June 30, 1997, to the HCDA.

Also testifying were the HCDA, the Department of Transportation, the Department of Transportation Services of the City and County of Honolulu, the Hawaii Carpenters Union, the State Representative from the 42nd District, and a member of the Commission. Concerns focused on the extent to which the community as well as the affected agencies are represented on the HCDA.

Your Committee is sensitive to these concerns raised by some testifiers. At the same time, your Committee is satisfied that opportunities already exist for obtaining input from the general public as well as the City regarding the redevelopment of the Barbers Point Naval Air Station. For example:

- (1) Under current law, three of the eleven members of HCDA are chosen from a list of nominees recommended by the City Council;
- (2) The HCDA is required to hold public hearings on a proposed community development plan pursuant to Chapter 91, Hawaii Revised Statutes, prior to its submission to the Governor for approval; and
- (3) The HCDA must abide by the "sunshine" law of Chapter 92, Hawaii Revised Statutes, that not only requires that all board meetings shall be open to the public, but that boards "...shall also afford all interested persons an opportunity to present oral testimony on any agenda item."

In addition, the development guidance policies contained in this bill requires HCDA to conduct a public hearing prior to amending the reuse plan.

Thus, given these safeguards, the voices of the community will be clearly heard as this redevelopment project proceeds.

Your Committee realizes that the conveyance of 2,150 acres of land on Oahu represents a once-in-a-lifetime opportunity for all residents. However, if the community is to gain the maximum benefits from this undertaking, it is imperative that all parties be willing to work together in a spirit of collaboration. It will only be through the active participation of all parties that the diverse land uses planned for the Barbers Point Naval Air Station will be successfully incorporated into the implementation plan.

Upon further consideration, your Committee has amended this bill by:

- (1) Specifying the exact boundaries of the Kalaeloa Community Development District;
- (2) Changing the appropriation amount to \$1 for the purpose of continued discussion; and
- (3) Making technical, nonsubstantive revisions to correct drafting errors.

Finally, your Committee believes that its actions represent only the first of many steps in the legislative review process and that ample opportunities exist to consider further improvements to this bill.

As affirmed by the record of votes of the members of your Committee on Water and Land Use that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1701, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1701, HD 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Goodenow, Kanoho, Morihara and Yoshinaga.
(Representatives Meyer and Thielen voted no.)

SCRep. 598 Water and Land Use on H.B. No. 760

The purpose of this bill is to authorize the Board of Agriculture to acquire, administer, improve, and maintain the Lower Hamakua Ditch on the island of Hawaii by:

- (1) Issuing revenue bonds to finance the cost of acquiring, administering, improving, and maintaining the Lower Hamakua Ditch;
- (2) Setting, adjusting, collecting, and assessing fees for the furnishing of water and for water service; and
- (3) Administering the Lower Hamakua Ditch Revolving Fund.

Four organizations testified at the public hearing held at the State Capitol. The Department of Water Supply of the County of Hawaii and the Hawaii Farm Bureau supported the bill. The Department of Agriculture (DOA) supported the overall concept of this measure, and Kamehameha Schools/Bernice Pauahi Bishop Estate offered comments.

In addition, your Committee also scheduled an informal public hearing at the Honokaa School Cafetorium on the island of Hawaii. Among those testifying in support of this bill were: the USDA Natural Resources Conservation Service; the Department of Water Supply of the County of Hawaii; the Hawaii Farm Bureau; the Hilo County Farm Bureau; the Hamakua/North Hilo County Farm Bureau; the Hamakua District Development Council; the Honokaa Business Association, Inc.; the ILWU Local 142; Kukuihaele Farms; Akasaki Farms and Kolopa Kai Orchids; Dias Farm and Ranch; the Hamakua/North Hilo Agricultural Cooperative; and four individuals. The DOA supported the overall concept of the bill. Kamehameha Schools/Bernice Pauahi Bishop Estate and two other individuals offered comments.

Your Committee wishes to acknowledge that the testimony submitted on this bill was compelling and persuasive, especially those presented at the Honokaa public hearing by both current and potential water users of the Lower Hamakua Ditch.

Your Committee finds that state ownership of the Lower Hamakua Ditch is essential to support the economic recovery of the Honokaa-Paauilo region. It represents a dependable source of water that is critical not only during the short term as former sugar workers make the difficult transition to becoming successful farmers, but also over the long term in helping to shape the options available to the community.

State ownership of the Lower Hamakua Ditch is also vital to ensure the water consumption needs of the community. In the past, the County of Hawaii has utilized the Lower Hamakua Ditch water as a back-up source for drinking water during droughts and other emergency conditions.

As affirmed by the record of votes of the members of your Committee on Water and Land Use that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 760 and recommends that it be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Garcia, Kanoho and Yoshinaga.

SCRep. 599 Water and Land Use on H.B. No. 2008

The purpose of this bill is to direct the Hawaii Housing Authority (HHA) to negotiate with the Waimanalo Housing Resident Association (WHRA) for the long-term lease or other available options of the dwelling units and State lands of the Waimanalo Homes project, provided that the WHRA assist all project residents with either renovation or reconstruction of their homes.

Testimony in support of this bill was received from the HHA, WHRA representatives, and Waimanalo Homes residents. No testimony in opposition to this bill was received.

Your Committee believes that the intent of this bill is to support and encourage home ownership in this community where possible.

As affirmed by the record of votes of the members of your Committee on Water and Land Use that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2008, HD 1, and recommends that it be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Garcia, Kanoho, Morihara and Yoshinaga.

SCRep. 600 Water and Land Use on H.B. No. 233

The purpose of this bill is to authorize the use of lawfully acquired pistols and revolvers by licensed hunters for hunting game animals, where the pistols, revolvers, and ammunition are acceptable for hunting under rules adopted pursuant to Chapter 183D, Hawaii Revised Statutes, governing wildlife.

The National Rifle Association of America, the Hawaii Hunting Association, the Hawaii Rifle Association, the Hawaii Citizens' Rights Committee, K-Bay Rod and Gun Club, the Wildlife Conservation Association of Hawaii, and concerned citizens submitted testimony in support of the bill. Testimony in opposition to this bill was submitted by the Honolulu Police Department.

Testimony from the Board of Land and Natural Resources expressed concerns regarding whether handguns and revolvers should be allowed in hunting and the lack of manpower or funding for enforcement against violations.

Your Committee believes that the intent of this bill is to promote the safe and effective use of hunting equipment.

As affirmed by the record of votes of the members of your Committee on Water and Land Use that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 233 and recommends that it pass Second Reading and be referred to the Committee on Judiciary.

Signed by all members of the Committee except Representatives Garcia, Kanoho, Morihara and Yoshinaga.
(Representative Thielen voted no.)

SCRep. 601 Human Services and Housing and Health on H.B. No. 1722

The purpose of this bill is to provide for the exemption of extended care adult residential care homes and assisted living facilities from certificate of need requirements.

Written and oral testimony, offered by the Department of Human Services (DHS), the State Health Planning And Development Agency (SHPDA), the Queen Emma Foundation, the Assisted Living Options Task Force, and numerous individual citizens, revealed strong support for this measure and in the pursuit to help care for the rapidly growing elder population in this State. It is believed that exemption of extended care adult residential care homes, and assisted living facilities, from (SHPDA) certificates of need requirements will encourage the development of extended care facilities. These community based long-term care units would be important, less costly alternatives for individuals and families who may be seeking placement for themselves or loved ones in nursing facilities.

Your Committees discussed and considered this important measure and pass it unamended.

As affirmed by the records of votes of the members of your Committees on Human Services and Housing and Health that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 1722, and recommend that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committees except Representative Stegmaier.

SCRep. 602 Hawaiian Affairs on H.B. No. 2207

The purpose of this bill, as received by your Committee, is to require that the first \$15 million of all revenue derived from the public land trust be expended by the Office of Hawaiian Affairs (OHA) for the betterment of the conditions of native Hawaiians.

Testimony in support of this measure was received from a private attorney who acts as general counsel for a title company. A private individual and the Oahu Council, Association of Hawaiian Civic Clubs submitted testimony opposing the bill. OHA presented testimony supporting the intent of the bill, while comments were received from the Department of the Attorney General and the Department of Budget and Finance.

Your Committee has substantially amended this bill to address broader issues relating to the public land trust. By way of background, at statehood the federal government transferred to the state over one million acres of land ceded to the federal government in 1898. Section 5(f) of the Admission Act provided that those lands and the "proceeds from the sale or other disposition of any such lands and the income therefrom" were to be held by the state as a "public trust" and utilized for "one or more" of five purposes: support of public schools and other public educational institutions; betterment of the conditions of native Hawaiians (defined as 50% or more blood quantum); development of farm and home ownership; public improvements; and public use.

Initially, proceeds from this public land trust (also sometimes known as the ceded lands trust) were applied primarily to support public education. In 1978, however, as a result of the constitutional convention, the OHA was established and, under article XII, section 6 of the Constitution, empowered to "manage and administer the proceeds from the sale or other disposition of [certain assets] for native Hawaiians and Hawaiians, including all income and proceeds from that pro rata portion of [the public land trust.]" Article XII, section 4 of the Constitution also recognized the trust and provided that its beneficiaries included the "general public".

The details of implementation were left to the legislature. Act 273, Session Laws of Hawaii 1980 (Act 273, SLH 1980), codified in section 10-13.5, Hawaii Revised Statutes (as later amended), provided that twenty percent of revenue from the public land trust was to be expended by OHA for the betterment of the condition of native Hawaiians. Disputes subsequently arose between OHA and the state over the interpretation of Act 273, but in 1987, the Supreme Court of Hawaii, in OHA v. Yamasaki, essentially ruled that it was up to the legislature, not the courts, to provide resolution.

The subsequent years saw substantial efforts by the state and OHA to resolve outstanding ambiguities and disputes. The enactment of Act 304, Session Laws of Hawaii 1990 (Act 304, SLH 1990), attempted to clarify Act 273 by defining "revenue" and "public land trust" to specify what public land trust revenues were subject to partial allocation to OHA. Under what is now section 10-2, Hawaii Revised Statutes, the legislature essentially distinguished between revenues from "actual" uses of public land trust lands which were (a) sovereign in nature and to be retained by the state, and (b) "proprietary" in nature and partially allocable to the OHA.

OHA subsequently began receiving revenue payments from the state of in excess of \$10 million per year. Additionally, in 1993 the legislature authorized payment to OHA of almost \$135 million in resolution of amounts due back to the original enactment of Act 273. The investment of that lump-sum payment together with the partial reinvestment of dividends and interest and of subsequent annual revenues has seen the growth in OHA's corpus to roughly \$240 million today, sufficient to generate on its own roughly \$9 million in annual dividends and interest.

Nonetheless, the disputes between OHA and the state over various aspects of the public land trust continued. In 1994, OHA brought a number of suits against the state. In one, Circuit Court of the First Circuit, State of Hawaii Civil No. 94-0205-01, OHA claimed that it was entitled to a portion of rental housing, patient services and interest income receipts as well as revenues from duty free operations not located on public land trust lands. OHA did not allege a specific dollar amount, but it appears that the OHA claims in excess of \$100 million in principal back to 1980 plus accrued interest of approximately another \$75 million. In another, Civil No. 94-4207-11 (same court), OHA claimed that the state could not transfer lands in the public land trust from the department of land and natural resources to the housing finance and development corporation to complete public housing projects in Lahaina and Kealahou into which the state had already invested tens of millions of dollars.

In 1996, the court in preliminary rulings basically held in favor of OHA. The court's ruling in the former case not only exposes the state to a direct claim in the apparent amount of possibly hundreds of millions, but, as elicited in testimony, may result in future claims accruing to over \$1 billion. The court's ruling in the latter case not only forestalls two vital housing projects, but calls into question the state's basic ability to transfer public lands for public purposes.

These claims and the continuing uncertainty over whether other claims may be brought have also negatively impacted the state's basic ability to borrow money in the bond markets on terms favorable to the state. State bond issuance statements now routinely itemize the pending litigations as a matter of required disclosure to potential bond purchasers. The principal bond rating agencies cite the litigation in their public comments. Any resulting downgrade in the state's bond rating may carry with it higher interest payments which would worsen the state's already difficult financial situation.

Additionally, in 1996 the Inspector General of the U. S. Department of Transportation reported that the state's payments to OHA of a portion of the revenues generated by airport operations constituted an unauthorized diversion of airport revenues for non-airport purposes, and recommended reimbursement of almost \$30 million in prior payments and lost interest. Although that report is under review, its potential consequences in terms of the possible reimbursement obligation and loss of federal airport funding has caused the governor to escrow revenues from the airports which in prior years were paid to OHA until final resolution. Because those revenues accounted for almost one half of OHA's total annual public land trust revenues, the impact on OHA has been substantial.

It is obvious to your Committee that the present situation is untenable. It is untenable to OHA because, among other reasons, the lack of a predictable revenue stream prevents realistic planning and delivery of services to its beneficiaries and hinders its own bond issuance and other financial efforts. It is equally untenable to the state for much the same reasons. And it is untenable to both because they are entangled in a classic litigation spiral which prevents reasonable settlement of outstanding differences, all to the detriment of the public, both Hawaiian and non-Hawaiian.

It is also obvious to your Committee that the court, in its rulings in the outstanding disputes thus far, has misinterpreted legislative intent or, where that intent was not sufficiently demonstrated, has not properly extrapolated legislative purpose. Your Committee notes that the issues addressed by the court relate almost exclusively to state statutes and are better resolved by the legislature than the courts.

Your Committee has utilized this measure as a vehicle to incorporate various provisions from other bills and suggestions from testifiers, including OHA, all toward the overall goal of providing a mechanism for the prompt settlement of outstanding disputes out of court and the fashioning of a permanent global resolution for implementation by the legislature. Your Committee's specific goals, reflected in specific amendments to the measure, include the following:

- (1) Providing extensive findings to facilitate the clear discernment of legislative purpose;
- (2) Setting up a mechanism to clear up apparent ambiguity over exactly which lands constitute public land trust lands;
- (3) Redefining revenue to clarify the proprietary versus sovereign function distinction, correct the court's misinterpretation, and address specific concerns primarily involving airport and other federally-impacted operations;
- (4) Establishing a more centralized accounting and payment mechanism for covered revenues;
- (5) Providing for a specific and predictable interim funding level for OHA which your Committee anticipates will be equivalent at least to prior revenue levels;
- (6) Establishing a committee consisting, at OHA's request, of an equal number of members appointed by the governor and OHA and charged with reporting back to the 1998 legislature on how best to effect a permanent global resolution of all issues; and
- (7) Placing a moratorium on the conveyance by the state of public land trust lands, except for certain conveyances including the Lahaina and Kealakehe projects and any set asides to OHA, during the commission's deliberations and the legislature's evaluation.

Your Committee has also explicitly provided for the retroactive effect of relevant provisions of this measure.

Your Committee believes that this bill, as amended, fairly addresses the immediate concerns of the various parties with respect to the public land trust and provides the best approach to a lasting solution. In doing so, your Committee believes, a crucial link in your Committee's overall goal of greater self-sufficiency and self-determination for the Hawaiian community and of final resolution in the broader context will be forged.

As affirmed by the record of votes of the members of your Committee on Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2207, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2207, HD 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.
(Representative Kawananakoa voted no.)

SCRep. 603 Hawaiian Affairs on H.B. No. 1857

The purpose of this bill as introduced is to extend the statutory authority of the Hawaiian Home Lands Individual Claims Review Panel (Panel) for two years.

Supportive testimony was submitted by the Department of Hawaiian Home Lands (DHHL), the Chair of the Panel, the State Council of Hawaiian Homestead Associations, the Association of Hawaiian Civic Clubs, Ka Lahui Hawaii, the Department of the Attorney General, the Native Hawaiian Legal Corporation, the Office of Hawaiian Affairs, the Oahu Council of the Association of Hawaiian Civic Clubs, and several individuals. The Department of Budget and Finance submitted comments.

Act 323, Session Laws of Hawaii (SLH) 1991, later codified as Chapter 674, Hawaii Revised Statutes (HRS), was passed into law in 1991. The purpose of Chapter 674 was to establish a process for the disposition of certain individual claims for actual damages by beneficiaries of the Hawaiian Home Lands Trust from alleged breaches of trust by state employees occurring between August 21, 1959, and June 30, 1988.

Essentially, under that process the Panel was established to evaluate claims and make recommendations to the Legislature for settlement. The Panel's recommendations were not binding on the Legislature but, in the event a claimant did not agree with the Legislature's disposition, the State undertook a limited waiver of its sovereign immunity to allow the claimant to seek redress in court.

Originally:

- (1) Claimants were required to initiate claims with the Panel by August 31, 1993, or be forever barred from asserting them;
- (2) The Panel was required to submit a final report with recommendations to the Legislature prior to 1994; and
- (3) An individual claimant dissatisfied with the Legislature's decision was required to bring suit no later than October 1, 1994.

In later enactments, at the request of the Panel and others, the Legislature extended these deadlines to:

- (1) August 31, 1995;
- (2) Prior to the 1997 Legislature; and
- (3) September 30, 1998,

respectively.

It should also be noted that in 1988, the Native Hawaiian Trusts Judicial Relief Act, later codified as Chapter 673, HRS, had been enacted. Under that statute, the state undertook a limited waiver of its sovereign immunity with respect to certain claims arising after June 30, 1988 and relating to both the Hawaiian home lands trust and the public land trust. Thus, in general, Chapter 674 governs 1959 through 1988 individual Hawaiian home lands trust claims and Chapter 673, governs post-1988 claims.

Act 14, Special Session Laws of Hawaii (SSLH) 1995, was passed into law two years ago. The purpose of that Act, in part, was to resolve all controversies relating to the Hawaiian home lands trust that arose between August 21, 1959, and July 1, 1988, excepting only those permitted under Chapter 674. In return for this final resolution, the state undertook to pay into the Hawaiian home lands trust fund certain moneys commonly referred to as the "\$600 million" settlement and to take other actions.

In late 1996, the Panel submitted its final report to the Legislature. In that report, the Panel recommended that the Legislature authorize and appropriate payments aggregating roughly \$6.8 million for 165 claims, or over \$40,000 average per claim.

However, the Panel also reported that, of 4,327 claims filed by the August 31, 1995 deadline, 3,516 remained outstanding and unresolved. As a result, the Panel, through this bill, requested a two-year extension, to the 1999 Legislature, to complete its review and recommendation on the remaining claims and a corresponding extension on the deadline for dissatisfied claimants to institute court actions.

Your Committee finds that the outstanding claims, both the 165 presently pending before the Legislature and the over 3,500 presently pending before the Panel, fall generally into two categories. The minority consist of claims for individual wrongdoing by an individual employee against an individual beneficiary; examples include accelerated awards, lost applications, and qualification disputes.

However, the great majority consist of what are referred to commonly as the "class action" or "waiting list" claims. Essentially, these claims allege that DHHL was remiss in its general administration of the Hawaiian home lands trust, and that, as a consequence, the waiting list was longer than it should have been.

The waiting list claims account for most of the unresolved claims; most of those claims were submitted to the Panel shortly before the August 31, 1995 claims filing deadline. Additionally, approximately one-third of the claims submitted to the Legislature are pure waiting list claims, and a number of the remaining claims are partial waiting list claims. The total amount of all pending waiting list claims is estimated at a minimum of \$100 million and could be substantially higher.

Your Committee has carefully considered the waiting list claims and does not believe that the Legislature intended for Chapter 674 to encompass such general claims. Your Committee believes that the \$600 million settlement was intended to encompass all 1959-1988 controversies relating to the Hawaiian home lands trust except for "pure" individual claims for alleged individual wrongdoing by individual DHHL employees relating to individual beneficiaries as exemplified above.

Moreover, your Committee takes very seriously DHHL's testimony expressing concern over the potential negative consequences to the Hawaiian home lands trust and DHHL's efforts on behalf of the beneficiary class from recognizing waiting list claims. Essentially, DHHL believes that creating a class of waiting list awardees may polarize the beneficiary class into two factions and risk the momentum developed in the administration of the Hawaiian home lands trust from the \$600 million settlement and other actions.

Accordingly, your Committee has amended this measure by:

- (1) Clarifying that waiting list-based claims are not and never were claims encompassed within Chapter 674; and
- (2) Clarifying that the State has not waived and never did waive its sovereign immunity with respect to such claims for the 1959-1988 period.

Finally, your Committee expressly disclaims any intent to recognize or validate any unresolved waiting list claims against DHHL arising out of Act 14, SSLH 1995, or to require DHHL to allocate any portion of the \$600 million settlement directly to individual waiting list claimants.

The testimony on this measure elicited two other issues relating to Chapter 674 claims that require clarity. The first is the "end date" for legitimate claims, i.e., the date after which damages will no longer accrue.

In its deliberations and submissions to the Legislature, the Panel has generally utilized June 30, 1997, on the theory that that date is the best estimate of when legislative-approved claims would be paid. From the perspective of pure consistency with Chapter 673, your Committee observes that June 30, 1988 may be most appropriate since the remedy for claims after that date lies in Chapter 673, not Chapter 674.

However, in the interests of final disposition of claims arising under Chapter 674 which may have continued to accrue after June 30, 1988, and because such claims after 1988 may be precluded by Chapter 673's statute of limitations, your Committee has amended this measure by:

- (1) Providing an end date of no later than August 31, 1995, the filing deadline; and
- (2) Clarifying that, to the extent damages are awarded for the post-June 30, 1988 period, there is no separate claim under Chapter 673.

The second issue is the extent to which "actual damages" under Chapter 674, currently defined as "direct, monetary out-of-pocket loss, excluding noneconomic damages, and consequential damages," may include an enhancement in the nature of prejudgment interest. The Panel incorporated such an enhancement by application of a "constant dollar index."

Your Committee acknowledges the Attorney General's point that prejudgment interest is not generally recoverable against the State. Nevertheless, your Committee believes that, under the circumstances, some enhancement is appropriate. However, your Committee also believes that any such enhancement should accrue only from the date when any claims arose by virtue of the State's waiver of sovereign immunity, and should be established at a level certain to avoid ambiguity and dispute.

Accordingly, your Committee has provided for 4 percent interest, the figure available for postjudgment interest in claims against the State, on the principal claim amount on and after July 1, 1991, the effective date of Chapter 674.

In light of the ambiguities inherent in the claims currently on submission to the Legislature and addressed in this measure, and the advisability of deliberating on all submitted claims in one package, your Committee declines to recommend funding of any portion of the \$6.8 million requested appropriation at this time. Your Committee emphasizes that this is not an action by the Legislature triggering a claimant's right to sue under Section 674-17, HRS, but a deferral of such action and referral of submitted claims back to the Panel for reconsideration in light of the clarifications set forth in this measure.

In light of those clarifications, which affect a majority of the pending claims, your Committee believes that a one-year extension of the Panel is sufficient to complete the Panel's charge, and accordingly has amended Chapter 674 to require submission of a final report to the Legislature by the 1998 Regular Session. Your Committee is especially concerned to end the long wait endured by qualified claimants as soon as possible. For the same basic reasons, your Committee has amended the deadlines for notice to the Panel of disapproval of legislative action to October 1, 1998 and for filing of subsequent claims under Section 674-19, HRS, to December 31, 1998.

Finally, your Committee has added express language, and expressly confirms its intent, that this measure shall be applied retroactively. Other amendments for the purposes of clarity have been made.

As affirmed by the record of votes of the members of your Committee on Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1857, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1857, HD 1, and be referred jointly to the Committees on Judiciary and Finance.

Signed by all members of the Committee.
(Representative Kawanakoa voted no.)

The purpose of this bill is to appropriate funds to the State Foundation on Culture and the Arts (SFCA) to support culture and arts programs.

SFCA, the University of Hawaii, the Office of Hawaiian Affairs, the Hawaii Consortium for the Arts, the Honolulu Academy of Arts, Hawaii Museums Association, the Hawaii Alliance for Arts Education, a number of other arts organizations, and many individuals submitted testimony in support of this bill.

Your Committee finds that through the years, SFCA has supported an extensive range of cultural and arts activities and projects. In doing so, it has raised the collective consciousness of our society and improved the quality of life we enjoy in Hawaii.

Unfortunately, the resources available to SFCA have dwindled in recent years. As a result, the total annual amounts directed to support culture and arts activities have also been reduced. For example, in fiscal year 1994-1995, \$5,254,926 was expended for the grants program. The following year, that amount was reduced to \$1,632,677. In the current fiscal year, that amount is expected to be further reduced to \$1,400,000.

This bill is intended to restore SFCA funding to former levels, or at least to begin to move toward that goal.

As affirmed by the record of votes of the members of your Committee on Culture and the Arts that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 445 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 605 Culture and the Arts on H.B. No. 973

The purpose of this bill is to support efforts to create the Children's Discovery Center (Center) and a State art museum.

The State Foundation on Culture and the Arts, the Center, the Hawaii Art Education Association, and an individual submitted testimony in support of this bill.

Your Committee finds that new facilities for the Center have been designed as a world-class environment for "hands-on" experiences that will allow children to explore, investigate, and discover things about themselves and the world.

Construction has begun in the Kakaako Waterfront Park. Significant contributions have been raised from private sources, and the State has also already appropriated a portion of the costs of the construction of the facility. The design of the exhibits has been completed. This bill provides construction funds to fabricate those exhibits.

Your Committee also finds that the art that has been acquired by the State Foundation on Culture and the Arts has gained a reputation as a historic, academic, social, and cultural resource that reflects the character of Hawaii, the multicultural heritage of its people, and the diverse creative interests of its artists. As such, the state art collection is a cultural public resource that must be shared with present and future generations. This bill provides planning funds for a museum to exhibit this art.

As affirmed by the record of votes of the members of your Committee on Culture and the Arts that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 973, HD 1, and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 606 Tourism on H.B. No. 1528

The purpose of this bill is to establish an income tax credit to encourage renovation of visitor accommodations.

Your Committee received testimony as follows:

1. Hawaii Hotel Association, Castle Group, Waikiki Improvement Association, in support; and
2. Department of Business, Economic Development, and Tourism, Department of Taxation, Tax Foundation of Hawaii, in comment.

Your Committee finds that Hawaii's economy depends heavily on the health of the visitor industry, but that seventy percent or more of existing hotels, particularly in Waikiki, have an urgent need for improvements but have diminished resources for financing the renovation work.

In addition, Hawaii has acquired an image as a "mature" destination, with old and familiar sights and accommodations that no longer have the novelty and exotic appeal that other destinations can offer. With the emergence of strong competition from cruise lines, Disney theme parks and destinations/regions like Las Vegas, Florida and Mexico, Hawaii will almost certainly see further erosion of its visitor industry and a loss of revenue unless it takes action to improve its attractions and facilities.

This income tax credit would encourage operators of transient accommodations to remodel their facilities. This, in turn, would stimulate the construction industry and generate additional revenue for the state, from the new construction and from the improved hotel facilities, thereby offsetting the loss from the tax credit.

Your Committee revised the bill by:

1. Setting the credit amount to four percent of the renovation costs;
2. Providing that the total amount of the credit shall not exceed ten percent of the transient accommodations tax paid by the facility the preceding year;
3. Amending the definition of qualified hotel facility to require that the facility have been in service before the effective date of the bill;
4. Removing the provision enabling claimants to apply credits in excess of income to subsequent years and substituting a provision for the amount to be refunded to the taxpayer;
5. Providing that the tax credit shall be available after December 31, 1996 and shall not be available after December 31, 1998; and
6. Making technical, non-substantive changes for the purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Tourism that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1528, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1528, HD 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Ahu Isa, Ito and McDermott.

SCRep. 607 Tourism on H.B. No. 1805

The purpose of this bill is to transfer to the counties the revenues from uncontested traffic fines and public service company taxes generated in that county, and amend the formula for distribution of transient accommodations tax revenues.

Your Committee received testimony as follows:

1. Department of Budget and Finance, Hawaiian Electric Company, GTE Hawaiian Telephone, in support;
2. Office of the Mayor of the County of Maui, one individual member of the Maui County Council, City and County of Honolulu Department of the Budget, in opposition; and
3. County of Hawaii Department of Finance, Hawaii Hotel Association, Maui Hotel Association, in comment.

Your Committee finds that the need for revenue to finance the debt service on the convention center will require adjustments to the funding sources dedicated to the convention center capital and operations special fund. The best option appears to be an amendment to the distribution of funds generated by the transient accommodations tax and authorization of a county sales and use tax to compensate the counties for decreased transient accommodations tax income.

Your Committee revised the bill by removing the substantive contents and inserting provisions that:

1. Change the distribution of transient accommodations tax revenues to the counties to amounts no greater than those of the 1994-1995 fiscal year;
2. Authorize the counties to establish a sales and use tax at a rate of up to one percent;
3. Require that transient accommodations tax revenues remaining after distribution to the state and counties shall be used for convention center debt service, convention center operating expenses, and then tourism-related activities, in that order;
4. Further reduce any transient accommodations tax revenues to the counties at a rate in proportion to the county sales and use tax rate;
5. Allow any county not levying a sales tax to petition the state for a grant-in-aid for the amount that it would have received from transient accommodations tax revenues under the old distribution formula;

In addition, your Committee made technical, non-substantive changes for the purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Tourism that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1805, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1805, HD 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Ahu Isa, Ito and McDermott.

SCRep. 608 Energy and Environmental Protection on H.B. No. 1838

The purpose of this bill is to:

- (1) Encourage the cleanup of contaminated property that would otherwise lie fallow;

- (2) Establish a method and process to accelerate the pace of cleaning up contaminated properties and returning such properties to beneficial use by allowing developers, lenders, and prospective purchasers to cleanup properties voluntarily; and
- (3) Add a new part to the Environmental Response Law, Chapter 128D, Hawaii Revised Statutes (HRS).

Testimony in support of this bill was received from the Department of Health (DOH), Bank of Hawaii, Chevron, Meyers Corporation, the Chamber of Commerce of Hawaii, and a concerned citizen. Testimony in opposition to the bill was received from the Sierra Club.

Upon further consideration, your Committee has amended the bill by:

- (1) Requiring the requesting party to post a sign at the site notifying the public of participation in the Voluntary Response Program and to allow for public comment;
- (2) Adding a definition of "prospective purchaser";
- (3) Excluding from eligible sites for voluntary cleanup any site:
 - (a) Which is "proposed to be listed" on the National Priorities List, pursuant to the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, 42 U.S.C. §§ 9601-9675 (CERCLA); and
 - (b) Where an enforcement order or action has been issued or entered under CERCLA and is still in effect;
- (4) Allowing the director of DOH the discretion to deny an application based upon the capacity of the requesting party or its agents to carry out the response action properly;
- (5) Allowing DOH to discontinue oversight on the voluntary response action and to pursue an enforcement action, where the site-specific account balance is inadequate to support oversight;
- (6) Providing to each requesting party by DOH an annual summary of the oversight costs for the party's specific site;
- (7) Requiring that the benefits and restrictions identified in the completion letter "run with the land" and apply to all future property owners, unless they were liable pursuant to section 128D-6, HRS, prior to conducting the voluntary response action;
- (8) Providing prospective purchasers who complete a voluntary response action and receive a letter of completion an exemption from future liability to DOH and from third-party claims for contribution or indemnity as to hazardous substances cleaned up to a risk-based standard of no more than one total lifetime cancer risk at the site per one million;
- (9) Allowing the director to terminate an agreement where:
 - (a) Inadequate funds remain in the site-specific account;
 - (b) The applicant becomes ineligible or fails to comply with the terms of the agreement; or
 - (c) The draft remedial action is inadequate;
- (10) Allowing DOH to take enforcement action prior to the completion of the voluntary response action; and
- (11) Amending the definition of "owner" or "operator" under section 128D-1, HRS.

Your Committee believes that the intent of this bill is to facilitate the cleanup of contaminated property that would otherwise lie fallow and to stimulate the economy.

As affirmed by the record of votes of the members of your Committee on Energy and Environmental Protection that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1838, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1838, HD 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Meyer.

SCRep. 609 Energy and Environmental Protection on H.B. No. 2073

The purpose of this bill is to require the Department of Health (DOH) to conduct a noise study to assess the effectiveness of alternatives and measures used to alleviate the negative effects of noise on the physical, psychological, and emotional health of residents in construction areas.

Testimony in support of this bill was received from the Sierra Club and a Waikiki resident. The McCully/Moiliili Neighborhood Board submitted testimony in support of the intent of the bill.

Testimony in opposition to this bill was received from the DOH.

Your Committee believes that the intent of this bill is to address the effectiveness of noise control programs.

Your Committee notes that existing studies should also be reviewed to keep costs down if data already exists.

Upon further consideration, your Committee has amended this bill to:

- (1) Specify for DOH the scope of recommendations requested from the study including a review of existing studies relevant to this assessment;
- (2) Inserting an appropriation of \$1 to fund the study to facilitate further discussion; and
- (3) Changing the effective date from upon approval to July 1, 1997.

As affirmed by the record of votes of the members of your Committee on Energy and Environmental Protection that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2073, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2073, HD 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Meyer.
(Representative Thielen voted no.)

SCRep. 610 Judiciary on H.B. No. 2065

The purpose of this bill is to provide for the election and convening of delegates and completion of a convention as called for by the Native Hawaiian Vote.

Your Committee received testimony from Ke Ola Mamo, the Association of Hawaiian Civic Clubs, ALU LIKE, Inc., Hayden F. Burgess and various others in support of the bill. Mr. Burgess also suggested two changes in the bill for clarity.

Testimony was also received from the Kanaka Maoli Tribunal Komike, the Kekuku ohana and various individuals opposing the bill.

Your Committee finds that this bill represents an attempt to keep alive the sovereignty process in 1993 when the state of Hawaii, in Act 359, acknowledged and recognized the unique status that the native Hawaiian people bear to the State of Hawaii and to the United States.

As a legislature we committed ourselves to facilitating the efforts of native Hawaiians in their sovereignty process. We have regularly restated that commitment by passing legislation in 1995 and 1996 funding the efforts of the Hawaii Sovereignty Elections Council. On each occasion, the legislature was careful to include language which provided that our assistance to the process did not mean that the State was directing the result or giving up any of its sovereign powers.

Your Committee finds that this measure again seeks the help of the legislature as a facilitator in the Hawaiian Sovereignty process. It is reasonable to continue to facilitate the process and to assist the Hawaiian people in their efforts towards self-determination.

Your Committee also finds that the language suggested by Mr. Burgess adds clarity to the text and has amended the bill by adding the phrase "Hawaiian Sovereignty Council doing business as," before the term "Ha Hawaii," on page 2, line 10 of the bill as amended.

Your Committee also amended the bill to reflect that the vote counting was administered by the League of Women Voters.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2065, HD 1, as amended herein, and recommends that it be referred to the Committee on Finance, in the form attached hereto as H.B. No. 2065, HD 2.

Signed by all members of the Committee except Representatives Hiraki and Menor.
(Representative Thielen voted no.)

SCRep. 611 Judiciary on H.B. No. 2130

The purpose of this bill is to combat crime by appropriating funds to augment the county community policing programs.

The Honolulu Police Department submitted testimony in strong support of the bill.

Your Committee finds that community policing programs have been highly effective in reducing crime. It is your Committee's belief that this bill will enable the police to safeguard our neighborhoods more effectively.

Upon consideration, your Committee has amended this bill by:

- (1) Setting forth the purpose of the bill;
- (2) Inserting the sum of \$2 in the appropriation section to facilitate further discussion on the financial aspects of the bill; and

(3) Making technical, nonsubstantive amendments for purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2130, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2130, HD 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Hiraki, Jones, Menor and Yoshinaga.

SCRep. 612 Judiciary on H.B. No. 1829

The purpose of this bill is to create two special funds within the Department of Health (DOH). The bill also establishes fees for certified copies of certificates issued by the DOH.

Your Committee received testimony from Prevent Child Abuse Hawaii and Kathleen Bryan, Chair of the Hawaii Children's Trust Fund Advisory Board in support of the bill as amended.

The DOH submitted testimony in support of the bill as originally submitted.

Your Committee finds that the fees established by this bill were intended to fund the spouse and child abuse special accounts, established in 1994 by the legislature, in the department of human services and the judiciary. Some of the funds would also be used to strengthen the DOH's capabilities in the area of vital statistics.

Your Committee further finds that the Hawaii children's trust fund was not an intended beneficiary of the monies.

Your Committee has amended the bill to its original form in order to comply with the intent of the bill by:

- (1) Changing the name of the "Domestic Violence Special Fund" back to the "Family Violence Special Fund;"
- (2) Changing the name of the "Domestic Violence Special Account" back to the "Spouse and Child Abuse Special Account; and
- (3) Deleting the Hawaii Children's Trust Fund as an additional beneficiary of the fees collected.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1829, HD 1, as amended herein, and recommends that it be referred to the Committee on Finance, in the form attached hereto as H.B. No. 1829, HD 2.

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

SCRep. 613 Education on H.B. No. 880

The purpose of this bill is to fund permanent, full-time registrar positions at the Kauai, Kona, and Maui community schools for adults.

Your Committee received testimony in support of the bill from the Department of Education, the Hawaii State Teachers Association, and the Hawaii Adult and Community Education Advisory Council.

Your Committee finds that registrar positions are essential to the smooth operations of the community schools. Although the enrollment and demand for day and night classes at the community schools continue to grow, the Kauai, Kona, and Maui community schools lack registrars, even though they qualify for permanent full-time registrar positions under Department of Education guidelines.

Your Committee has amended the bill by changing the amount appropriated to \$1 to facilitate continuing discussion on this matter.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 880, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 880, HD 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Yonamine and McDermott.

SCRep. 614 Education on H.B. No. 1909

The purpose of this bill is to require the Board of Education to provide appropriate testing and regular education programs to assist students with dyslexia and related disorders associated with impairment of the ability to interpret spatial relationships or to integrate auditory and visual information.

In addition, this bill appropriates unspecified sums to the Department of Education for fiscal years 1997-1998 and 1998-1999 to carry out the foregoing purposes.

Your Committee received testimony in support of this bill from the Hawaii State Teachers Association. The Department of Education concurred with the intent of this bill and submitted suggested amendments, which were incorporated into this bill by your Committee.

Your Committee amended this bill by:

- (1) Requiring the Board of Education to test students for specific learning disorders, including dyslexia;
- (2) Deleting the provision requiring a student to be tested at the request of the student or a parent, school nurse, classroom teacher, or other school employee who has reason to believe that the student should be tested; and adding a provision requiring the identification of a student to be tested to be in accordance with applicable Department of Education procedures;
- (3) Deleting the provision requiring students to be referred to appropriate agencies for testing services and adding a provision requiring students to be tested by appropriately trained personnel.
- (4) Deleting the provision requiring remediation in appropriate multi-sensory, systematic, language-based, regular education programs; and adding a provision requiring remediation consistent with testing results and instructional recommendations, for those students who are not eligible for special education services;
- (5) Deleting the provision describing the specific manifestations of dyslexia;
- (6) Deleting the definition of "related disorder", which is no longer needed; and
- (7) Making technical nonsubstantive amendments for purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1909, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1909, HD 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Yonamine and McDermott.

SCRep. 615 Education on H.B. No. 878

The purpose of this bill is to appropriate funds to the Department of Education to expand the bicycle education program to reach all public school children across the State.

Your Committee agrees with the intent of this bill to expand the Department's bicycle education program, which the Department supports through an agreement with the Hawaii Bicycling League. Your Committee recognizes the increased number of fatal and non-fatal accidents involving motor vehicles and bicycles, and the need for increased bicycle education to prevent these accidents.

Your Committee further notes that the Hawaii Bicycling League has requested an appropriation of \$170,700 for the 1997-1999 fiscal biennium, which would enable the League to provide bicycle safety education to over ten thousand fourth graders each year.

Upon further consideration, your Committee believes that this bill should be amended to expand the bicycle education program to all public school fourth graders across the State, rather than all public school children, in view of the fact that bicycle accidents are the leading cause of deaths among children of this age group. Your Committee finds that this bill will teach these students the skills needed to ride safely and effectively, and will help them as future motorists in learning about the rules of the road and other necessary bicycling safety skills. In addition, your Committee finds that federal matching funds under the Intermodal Surface Transportation Act of 1991 may be used for the purposes of this program.

Your Committee has therefore amended this bill by:

- (1) Amending section 1 of the bill to clarify that the Department of Education currently supports through an agreement with the Hawaii Bicycling League a program that teaches bicycling safety to half of the fourth graders on Oahu as part of the Department's curriculum;
- (2) Amending section 2 of the bill to provide that the appropriation for the expansion of the bicycle education program is to include all public school children in the fourth grade in the State, rather than all public school children generally throughout the State; and further amending section 1 of the bill to reflect this more limited purpose; and
- (3) Amending section 3 of the bill to provide that the appropriation may be used as a match for funding received from the federal government pursuant to the Intermodal Surface Transportation Act of 1991.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 878, HD 1, as amended herein, and recommends that it be referred to the Committee on Finance, in the form attached hereto as H.B. No. 878, HD 2.

Signed by all members of the Committee except Representatives Yonamine and McDermott.

SCRep. 616 Water and Land Use and Transportation on H.B. No. 2082

The purpose of this bill, as received by your Committees, is to transfer responsibility for planning and redevelopment of the waterfront area from Keehi Lagoon to the ewa boundary of the Aloha Tower area to the Hawaii Community Development Authority (HCDA) by establishing the Honolulu Waterfront Community Development District.

The Department of Business, Economic Development, and Tourism and HCDA supported this measure. The Department of Transportation (DOT) and the Department of Land and Natural Resources supported the intent of this bill.

The Chamber of Commerce of Hawaii; ILWU Local 142; Sea-Land Service, Inc.; Matson Navigation Company; Sause Bros., Inc.; Young Brothers, Limited; the Planning Department of the City and County of Honolulu; the Department of Land Utilization of the City and County of Honolulu; and an individual submitted comments.

To ensure that the ability of the airports and harbors divisions of the DOT to manage and operate waterfront areas is not impaired, HCDA recommended excluding certain areas from the proposed community development district. Specifically, properties currently under the Governor's Executive Order to the DOT should not be transferred to the HCDA.

At the same time, your Committees find that Piers 1 and 2 at Fort Armstrong include vital and unique maritime facilities that are critical to the State. Because of the State's reliance on the shipping industry, the jurisdiction of this area rightfully belongs to the DOT, and not the HCDA, to meet the needs of the maritime community, as well as the State's water transportation needs.

Upon careful consideration, your Committees have amended this bill by:

- (1) Narrowing the boundaries being designated as a community development district and renaming it the Keehi Lagoon Community Development District;
- (2) Changing the boundaries of the Kakaako Community Development District to exclude Pier 1 and Pier 2 at Fort Armstrong;
- (3) Deleting the provision that conveys to HCDA title to all fast and submerged lands owned by the State within the proposed community development district;
- (4) Deleting the provision providing that all legislation enacted by the Legislature conform with this measure;
- (5) Specifying that HCDA is the expending agency of moneys being appropriated;
- (6) Amending the effective date so that the appropriation section takes effect July 1, 1997; and
- (7) Making other technical, nonsubstantive amendments for purposes of style, consistency, and clarity.

As affirmed by the records of votes of the members of your Committees on Water and Land Use and Transportation that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 2082, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 2082, HD 1, and be referred to the Committee on Finance.

Signed by all members of the Committees except Representatives Case, Goodenow, Kanoho, Morihara and Yoshinaga.

SCRep. 617 Water and Land Use on H.B. No. 2241

The purpose of this bill is to require the Department of Land and Natural Resources (DLNR) to develop a list of the top ten most urgent work projects regarding flooding in the Waialua area. The Department shall then expedite work on the flood control problems in the Waialua community. The DLNR shall also submit a report on the status of the flood control projects to the legislature no later than twenty days prior to the convening of the 1998 regular session.

Testimonies in support of this bill were submitted by numerous residents of the affected Waialua Community. Testimony in opposition was submitted by the DLNR.

As affirmed by the record of votes of the members of your Committee on Water and Land Use that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2241 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committees except Representatives Goodenow, Kanoho, Morihara and Yoshinaga.

SCRep. 618 Labor and Public Employment on H.B. No. 1706

The purpose of this bill, as received by your Committee, is to eliminate the collection of a 0.05 percent assessment on taxable wages paid by most businesses in the State for the Employment and Training Fund (Fund) while retaining the integrity of the Employment and Training Fund Program (ETF Program).

Testimony in support of this bill was received from the National Federation of Independent Business and the Hawaii Business League. Comments submitted by the Department of Labor and Industrial Relations and the Department of Business, Economic Development, and Tourism, indicated support for an eighteen-month moratorium on collection of the assessment for the Fund.

Established in 1991, the ETF Program has assisted both employers and employees to prepare for the impact of economic, technological, and demographic changes by implementing statewide work training programs in linkage with economic initiatives. However, given Hawaii's current economic downturn and the \$8 million Fund balance, your Committee finds that a temporary moratorium in the collection of the assessment for the Fund is warranted to offer businesses some tax relief as the Fund presently has sufficient monies to carry on the ETF Program.

Accordingly, your Committee has adopted the recommendation of the DLIR and DBEDT and amended this bill to impose an eighteen-month moratorium on the collection of the 0.05 percent assessment for the Fund, during the period of July 1, 1997, through December 31, 1998.

As affirmed by the record of votes of the members of your Committee on Labor and Public Employment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1706, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1706, HD 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Case.

SCRep. 619 Labor and Public Employment on H.B. No. 371

The purpose of this bill is to protect employers from civil liability for good faith disclosure of a former employee's job performance to a prospective employer.

Supportive testimony was submitted by the Department of Human Resources Development (DHRD), the Department of Personnel for the City and County of Honolulu, the Hawaii Business League, the National Federation of Independent Business, the Hawaii Hotel Association, the Grove Farm Company, the Hawaii Bankers Association, Healthcare Association of Hawaii, Liberty House, and the Retail Merchants of Hawaii, the Chamber of Commerce of Hawaii (CCH), Aloha Airlines, and Staffing Strategies. Opposing testimony was submitted by the Office of Information Practices (OIP), the Hawaii Civil Rights Commission, and the International Longshoremen's and Warehousemen's Union. The National Employment Lawyers Association submitted comments on this measure.

Upon careful consideration, your Committee has amended this measure by:

- (1) Clarifying that the rights, remedies, liabilities, or standard of proof available pursuant to the Civil Rights Commission and Employment Practices laws are not affected; and
- (2) Making technical, nonsubstantive amendments for purposes of clarity and consistency.

After consultation with representatives of the Attorney General's Office, the CCH, the OIP, Liberty House, the Civil Rights Commission, and the DHRD, your Committee believes this measure, as amended, will:

- (1) Protect the civil and employment rights of prospective employees;
- (2) Meet the requirements of the Uniform Information Practices Act;
- (3) Reduce the likelihood of negligent hiring lawsuits against employers; and
- (4) Help all employers, both public and private, to hire good employees.

As affirmed by the record of votes of the members of your Committee on Labor and Public Employment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 371, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 371, HD 1, and be referred to the Committee on Judiciary.

Signed by all members of the Committee except Representative Nakasone.

SCRep. 620 Energy and Environmental Protection on H.B. No. 1244

The purpose of this bill is to establish an emissions reduction credit banking and trading program within the department of health. In addition, this bill provides for the emissions reduction credit permit application, review, and award process, and establishes conditions for the use of credits.

While your Committee recognizes that private parties can trade emission credits on their own by private agreement, your Committee believes that it is important for these parties to understand the limits that the Department of Health considers acceptable. Otherwise, your Committee finds that it would be risky for private parties to negotiate agreements on their own initiative, since the Department of Health, which would not normally be a party to the agreement, could still cite the parties on the grounds that the private agreement was unacceptable to the Department. It is therefore important for the Department to establish parameters to frame the context in which these negotiations will occur.

Accordingly, your Committee has amended this bill by:

- (1) Deleting the contents of the bill and adding a new section incorporating a portion of section 3 to require the Director of Health to adopt rules to establish an emissions reduction credit banking and trading program for owners;
- (2) Adding language to specify that the rules adopted by the director shall allow private agreements between permit holders to enable one permit holder to use emission credits of another permit holder; and
- (3) Renumbering the sections and making other technical, nonsubstantive amendments.

As affirmed by the record of votes of the members of your Committee on Energy and Environmental Protection that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1244, as amended herein,

and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1244, HD 1, and be referred to the Committee on Consumer Protection and Commerce.

Signed by all members of the Committee except Representative Meyer.

SCRep. 621 Energy and Environmental Protection on H.B. No. 1695

The purpose of this bill is to extend from ten to fifteen years the maximum term of an energy performance contract.

The Energy Extension Service of the County of Kauai, Hawaiian Electric Company, Hawaii Electric Light Company, Maui Electric Company, and the Department of Business, Economic Development, and Tourism testified in support of the bill. The Department of Education (DOE) submitted testimony in agreement with the intent of the bill.

Your Committee finds that the existing ten-year maximum term for an energy performance contract is sufficient for simple energy efficiency measures such as lighting retrofits. However, the ten-year term is not sufficient to realize a payback when certain kinds of expensive aging equipment, such as chillers, are replaced. The fifteen-year maximum will provide state agencies further opportunities to save money through energy performance contracts.

While supporting the bill, the Department of Business, Economic Development, and Tourism suggested allowing for retroactivity to existing performance contracts. The DOE recommended including a provision that any agency implementing energy-saving practices shall continue to receive its budget appropriations for energy expenditures at the level equal to the appropriations made before the energy saving actions were instituted.

Your Committee agrees with the two proposed amendments and has amended the bill by:

- (1) Providing that an agency that implements energy-saving practices to reduce utility costs shall continue to receive budget appropriations for energy expenditures at the level before the energy-saving actions were taken;
- (2) Making the fifteen-year provision retroactive for all pending contracts;
- (3) Making technical, nonsubstantive revisions for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Energy and Environmental Protection that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1695, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1695, HD 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 622 Energy and Environmental Protection on H.B. No. 1451

The purpose of this bill is to consolidate petroleum industry information reporting under the Department of Business, Economic Development, and Tourism.

Your Committee agrees with the intent of this bill, which also repeals the laws relating to fuel distribution and the Petroleum Industry Information Reporting Act of 1981, which are codified in the Hawaii Revised Statutes as chapters 486E and 486I, respectively.

As affirmed by the record of votes of the members of your Committee on Energy and Environmental Protection that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1451 and recommends that it pass Second Reading and be referred to the Committees on Consumer Protection and Commerce and Judiciary.

Signed by all members of the Committee except Representative Meyer.

SCRep. 623 Energy and Environmental Protection on H.B. No. 680

The purpose of this bill is to establish permit requirements for the operation and maintenance of underground injection control facilities. This bill also creates a water quality special fund for the deposit of underground injection control facility permit fees.

Your Committee finds that protecting and maintaining the quality of water supplies throughout Hawaii is a fundamental priority of the State. Facilities that discharge the wastes and by-products they generate by means of underground injection pose potential threats to the quality of Hawaii's water. Bringing these operations within the purview of permits issued under the safe drinking water and water pollution laws will ensure proper regulation and monitoring of underground injection wells.

Your Committee has amended this bill by:

- (1) Establishing upper rather than lower limits for the calculation and assessment of annual underground injection control facility permit fees under the safe drinking water and water pollution laws;
- (2) Deleting the language at the end of the bill setting the fees at the stated levels because your Committee believes it would be inappropriate to automatically set the fees at the maximum level;
- (3) Authorizing the Director of Health to adopt rules to set the fees payable by underground injection control facilities; and

- (4) Authorizing the Director of Health to waive the permit fees payable by certain agricultural and other operations that provide substantial and significant benefits to the community.

As affirmed by the record of votes of the members of your Committee on Energy and Environmental Protection that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 680, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 680, HD 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Meyer.

SCRep. 624 Energy and Environmental Protection on H.B. No. 2232

The purpose of this bill is to authorize the Director of Health to establish air pollution emission ceilings for sources in the State in order to decrease emission rates by five per cent each year between 1998 and 2003. In addition, this bill raises the fees for each ton of pollution emitted by covered sources.

Upon further consideration, your Committee has amended this bill by:

- (1) Deleting the amendment made to section 342B-12, Hawaii Revised Statutes, by section 2 of the bill, which authorized the Director of Health to adopt rules to establish pollution emission ceilings for each source in the State so as to decrease emission rates by not less than five per cent each year between 1998 and 2003;
- (2) Adding a new subsection (g) to section 342B-22, Hawaii Revised Statutes, repealed on July 1, 2007, to require the Director of Health to review and evaluate the operations and the adequacy of the air pollution control equipment for all major sources in Campbell Industrial Park and Kahe Point, Oahu. The review is to take place by July 1, 2002, or with the first renewal of the initial covered source permit, whichever is later, but in no event later than July 1, 2007;
- (3) Amending section 342B-29(c), Hawaii Revised Statutes, (in section 3 of the bill) by raising the pollution fees that the Department of Health may assess for each ton emitted by covered sources from \$25 per ton to \$50 per ton (rather than \$100 per ton), and adding a new proviso that the permit fees imposed under that section shall not be reduced to an amount less than the minimum amount established under rules adopted by the Department;
- (4) Adding a new section to require the Director of Health to adopt rules to establish an emissions reduction credit banking and trading program for owners;
- (5) Amending the purpose section (section 1 of the bill) to delete language finding that sources that pollute the air should bear the burden of paying for the cost of mitigation, and making further amendments to conform that section to the other amendments made to the bill; and
- (6) Renumbering the sections and making other technical, nonsubstantive changes.

As affirmed by the record of votes of the members of your Committee on Energy and Environmental Protection that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2232, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2232, HD 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Meyer.

SCRep. 625 Higher Education and Education on H.B. No. 1657

The purpose of this bill is to change the statutory purpose of the College of Education (College).

The Department of Education opposed the measure.

Your Committees find that the statutory purpose of the College was established many years ago, and with the passage of time, this stated purpose is now no longer relevant. The College should be released from this obsolete purpose which should be changed so that it can pursue pertinent objectives.

As affirmed by the records of votes of the members of your Committees on Higher Education and Education that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 1657 and recommend that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committees except Representatives Arakaki, Takamine, Yonamine, Halford and McDermott.

SCRep. 626 Education on H.B. No. 1729

The purpose of this bill is to authorize the Hawaii State Library system to assess a delinquency fee on overdue fines and to authorize collection agencies hired by the system to collect them.

Your Committee received testimony in favor of the measure from the State Librarian.

At present, although a "delinquency fee" can be assessed against all library card accounts that are referred for collection, it appears that state law currently prohibits the library or the collection agency from collecting or attempting to

collect any interest or other charge, fee, or expense incidental to the principal obligation. While the library system has adopted rules that allow for assessing a library customer's account a delinquency fee, the Attorney General opined that the rules are somewhat ambiguous and that a specific statute would ensure strict adherence to the provisions prohibiting unfair or unconscionable means of collection by a collection agency. The intent of the \$10 delinquency fee is primarily to recover the costs incurred for the special processing that these accounts require. This bill would link this fee to the statutory limit that can be charged for returned checks and would not be unreasonable.

Your Committee did receive testimony expressing concerns about the unrestricted imposition of delinquency fees on overdue fines but determined that policy issues of this kind would be best addressed through the administrative rulemaking process.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1729 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Morihara, Yonamine and McDermott.

SCRep. 627 Education on H.B. No. 515

The purpose of this bill is to expand the current services provided to youths and their families who use youth service centers (centers) by:

- (1) Providing a collaborative effort for the delivery of comprehensive, interdisciplinary youth services through the centers; and
- (2) Appropriating funds for the Youth Service Centers Program to provide for the needs of youths and their families.

Your Committee received testimony in strong support of the bill from the Hawaii Youth Services Network. Testimony in support of the intent of the bill was received from the Office of Youth Services of the Department of Human Services, the Department of Education, and Kualoa-Heeia Ecumenical Youth.

Upon consideration, your Committee has amended the bill by:

- (1) Deleting the appropriation sums to facilitate further discussion on the financial aspects of the bill; and
- (2) Making technical, nonsubstantive amendments for purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 515, HD 1, as amended herein, and recommends that it be referred to the Committee on Finance, in the form attached hereto as H.B. No. 515, HD 2.

Signed by all members of the Committee except Representatives Yonamine, McDermott and Moses.

SCRep. 628 Education on H.B. No. 442

The purpose of this bill is to establish the Office of Early Childhood Education (Office) within the Department of Education.

Testimony in support of the intent of this bill was received from the Department of Education, the Hawaii Association for the Education of Young Children, the Hawaii Congress of Parents, Teachers, and Students, and the Democratic Party of Hawaii testified in support of the bill.

No testimony in opposition to this bill was received.

Your Committee believes that it is in the public interest to support early childhood education, as the early years (before age five) are the most crucial years in terms of child development.

Upon further consideration, your Committee has amended this bill by:

- (1) Adding an appropriation section to establish the Office and to further discuss the financial aspects of the bill;
- (2) Changing the effective date from upon approval to July 1, 1997; and
- (3) Making technical, nonsubstantive revisions for purpose of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 442, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 442, HD 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Morihara, Yonamine and McDermott.

SCRep. 629 Labor and Public Employment on H.B. No. 101

The purpose of this bill is to further improve efficiency and cost-effectiveness in the workers' compensation system by allowing the Insurance Commissioner to utilize the Workers' Compensation Insurance Administration Special Fund to investigate workers' compensation insurance fraud.

The Department of Labor and Industrial Relations submitted testimony in support of this measure, but requested favorable consideration of various recommendations. Supportive testimony was submitted by the Hawaii Insurers Council and the Hawaii Business League. The ILWU Local 142 submitted testimony in opposition to this bill. The Department of the Attorney General and the Department of Commerce and Consumer Affairs submitted comments on a proposed House Draft relating to this measure, and did not address the merits of the original measure before the Committee.

Your Committee strongly supports efforts to combat of fraudulent workers' compensation insurance claims. Fraudulent claims contribute to increased premium payments suffered by the employers and drain necessary resources from those who need the benefits the most.

Upon careful consideration, your Committee has amended this measure by:

- (1) Establishing the Workers' Compensation Fraud Special Fund to be administered by the Attorney General for the costs of investigating and prosecuting workers' compensation insurance fraud;
- (2) Beginning with fiscal year 1997-1998, providing that up to an unspecified amount will be deposited into the Workers' Compensation Insurance Special Fund;
- (3) Beginning with fiscal year 1997-1998, providing that up to an unspecified amount will be deposited into the Workers' Compensation Fraud Special Fund;
- (4) Requiring the Insurance Commissioner and the Attorney General to submit separate annual status reports on the respective funds to the Legislature;
- (5) Providing that moneys be appropriated out of the Workers' Compensation Insurance Special Fund for fiscal biennium 1997-1999 for the Department of Commerce and Consumer Affairs to administer the fund;
- (6) Providing that moneys be appropriated out of the Workers' Compensation Fraud Special Fund for fiscal biennium 1997-1999 for the Department of the Attorney General to administer, investigate, and prosecute workers' compensation insurance fraud;
- (7) Providing immunity for persons, in the absence of fraud or bad faith, who provide information relating to suspected fraudulent insurance transactions;
- (8) Requiring employers to post notices pertaining to reporting fraudulent insurance transactions in conspicuous places in every establishment where any employee is employed so as to permit the employee to observe readily a copy on the way to or from the employee's place of employment; and
- (9) Making technical, nonsubstantive amendments for purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Labor and Public Employment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 101, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 101, HD 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Nakasone, Case, Takumi and Moses.

SCRep. 630 Labor and Public Employment on H.B. No. 1554

The purpose of this bill, as received by your Committee, was to address the Employees' Retirement System's (ERS) unfunded liability by requiring the actuary to use the Entry Age Normal Cost funding method and depositing one hundred percent of the ERS' investment earnings into the pension accumulation fund beginning in fiscal year 1995.

The ERS, the Hawaii Government Employees Association, and the Hawaii State Teachers Association-Retired submitted testimony in support of this bill. The Hawaii State Teachers Association agreed with the concept of this measure. Comments were received from the Department of Budget and Finance.

In its testimony, the ERS indicated that there are four major benefits to the bill. It would:

- (1) Save the State and counties \$21.1 million over the next two years;
- (2) Begin the process to liquidate the ERS' \$1.6 billion unfunded liability by 2016;
- (3) Stabilize the State and counties' annual appropriation from year to year; and
- (4) Substantially decrease the risk of a large employer appropriation whenever the ERS has had a poor investment result in future years.

Your Committee is in agreement with the ERS that this bill will not only result in savings for the State and counties, but also ensure that the ERS will be able to meet its future pension obligations. Your Committee stresses the need to conserve fund resources for future beneficiaries. Your Committee believes that this bill will keep alive future discussion, research, and study to consider alternatives as proposed by the ERS Board of Trustees.

As affirmed by the record of votes of the members of your Committee on Labor and Public Employment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1554 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Suzuki and Yamane.

SCRep. 631 Higher Education and Education on H.B. No. 883

The purpose of this bill is to allow employees of the University of Hawaii and the Department of Education (DOE) to invest in custodial accounts and annuity contracts.

The University of Hawaii Professional Assembly, the Hawaii State Association of Life Underwriters, and the Hawaii State Teachers Association testified in support of the bill. DOE testified in support of provisions to enhance employee benefits, but had some reservations on a few of the bill's provisions. The University of Hawaii testified that it could not support the bill in its present form. The Department of Accounting and General Services testified that the bill will adversely impact the operations of the Department without the addition of an additional full-time position.

Your Committees, while supportive of the intent of the bill, realize that the bill should be amended to address some of the concerns raised. The University of Hawaii and the DOE are currently working on a plan to allow investment in custodial accounts and expect to present it to the Legislature in two weeks. Your Committees are therefore, passing this bill out unamended in an effort to enable the Legislature to address this plan once it is received.

As affirmed by the records of votes of the members of your Committees on Higher Education and Education that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 883 and recommend that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committees except Representatives Arakaki, Takamine, Yonamine, Halford and McDermott.

SCRep. 632 Energy and Environmental Protection on H.B. No. 1196

The purpose of this bill is to:

- (1) Require the Public Utilities Commission (PUC) to make a decision within 120 days regarding the rate payable by the public utility to a qualified supplier of electricity; and
- (2) Define the term "qualifying facility".

The Department of Commerce and Consumer Affairs supported the intent of the bill. Waimana Enterprises, Inc. and Kawaihae Cogeneration Partners testified in support of the bill. PUC and Hawaiian Electric Company submitted testimony in opposition to the bill.

Your Committee has amended the bill by:

- (1) Deleting the findings pertaining to the interaction between PUC and the Legislature;
- (2) Clarifying that the public utility and the supplier have one-year from the date an offer has been made by a supplier to reach an agreement regarding the rate payable by the public utility and the terms, rather than 75 days;
- (3) Clarifying that the rate and terms of the sale of electricity are determined by PUC within one-year from the date of the filing of the petition with PUC by either the public utility or the qualifying facility; and
- (4) Deleting the provision:
 - (A) Where the rate and terms offered by the supplier are automatically approved; and
 - (B) Where the PUC fails to make a decision within 120 days.

Your Committee believes that this bill furthers the public interest by ensuring that timely decisions regarding power generation are made.

As affirmed by the record of votes of the members of your Committee on Energy and Environmental Protection that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1196, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1196, HD 1, and be referred to the Committee on Consumer Protection and Commerce.

Signed by all members of the Committee except Representative Morihara.

SCRep. 633 Energy and Environmental Protection on H.B. No. 1218

The purpose of this bill is to establish permit requirements for the operation and maintenance of underground injection control facilities. This bill also creates a water quality special fund for the deposit of underground injection control facility permit fees.

Your Committee finds that protecting and maintaining the quality of water supplies throughout Hawaii is a fundamental priority of the State. Facilities that discharge the wastes and by-products they generate by means of underground injection

pose potential threats to the quality of Hawaii's water. Bringing these operations within the purview of the safe drinking water and water pollution laws will ensure proper regulation and monitoring of underground injection wells.

Your Committee has amended this bill by:

- (1) Establishing upper rather than lower limits for the calculation and assessment of annual underground injection control facility permit fees under the safe drinking water and water pollution laws;
- (2) Deleting the language at the end of the bill setting the fees at the stated levels because your Committee believes it would be inappropriate to automatically set the fees at the maximum level;
- (3) Authorizing the director of health to adopt rules to set the fees payable by underground injection control facilities;
- (4) Authorizing the director of health to waive the permit fees payable by certain agricultural operations that provide substantial and significant benefits to the community; and
- (5) Deleting the section creating the new water quality special fund and directing the fees in excess of the operating needs of the drinking water and water pollution programs to be deposited into the drinking water fund being established under chapter 340E by H.B. No. 1836, HD 1; and
- (6) Making the enactment of this bill contingent upon the passage and enactment of H.B. No. 1836 in any form.

As affirmed by the record of votes of the members of your Committee on Energy and Environmental Protection that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1218, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1218, HD 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Meyer.

SCRep. 634 Ocean Recreation and Marine Resources on H.B. No. 2020

The purpose of this bill, as received by your Committee on Ocean Recreation and Marine Resources, is to 1) decriminalize violations of the boating law; 2) subjects violators to a maximum fine of \$5,000 for each separate offense; 3) deems the imposition and collection of a fine to be a civil action; and 4) allows a fine to be imposed by administrative order.

Testimony was received in support of the general intent of the measure from the Department of Land and Natural Resources with recommendation to retain the criminal penalties while adding the civil penalty provisions to deal with violation of Chapter 200, Hawaii Revised Statutes. They suggested adding a new section to Chapter 200 based on the same language as appears in Section 183D-12, Hawaii Revised Statutes, enacted by Act 152, Session Laws of Hawaii 1996.

Testimony in support of the intent of the measure was also received from Aloha Ocean Sport and concerned individuals expressing that the fines and penalties should be reduced.

Your Committee finds that it is useful to provide the flexibility for the enforcement officers to pursue any transgression of the rules or laws relating to ocean recreation through either a civil or criminal procedure and that there is great value in being consistent in the statute to provide for greater effectiveness of enforcement in the field.

Therefore, Your Committee amended the measure by incorporating the changes as recommended by the Department of Land and Natural Resources to insert language based on Section 183D-12, Hawaii Revised Statutes, enacted by Act 152, Session Laws of Hawaii 1996, into a new section of Chapter 200 which provides for general administrative penalties in this chapter in addition to the existing criminal penalties.

As affirmed by the record of votes of the members of your Committee on Ocean Recreation and Marine Resources that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2020, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2020, HD 1, and be referred to the Committee on Judiciary.

Signed by all members of the Committee except Representatives Yoshinaga and Meyer.

SCRep. 635 Ocean Recreation and Marine Resources on H.B. No. 967

The purpose of this bill, as referred to your Committee on Ocean Recreation and Marine Resources is to implement changes in the law regulating recreational and commercial uses of Kaneohe Bay which were recommended in the Kaneohe Bay Master Plan.

Your Committee finds that Kaneohe Bay Task Force was created in 1990 by Act 208 and developed through a community-based collaborative process and Kaneohe Bay Master Plan. This plan developed, among other things, limits on commercial water recreation to meet certain criteria articulated in the plan. Your Committee finds that the law is clear in its intent that the commercial ocean recreation activity permits should be managed as described in the Kaneohe Bay Master Plan. Your Committee also finds that the conclusions in the plan have not been fully implemented by the Department of Land and Natural Resources as directed by law and exceptions to the plan have been allowed contrary to the law that have caused great discontent in the community.

The Department of Land and Natural Resources submitted testimony in support of the measure with recommended revisions to delete or change certain provisions. Supportive testimony was received from the chairperson of the Kaneohe Bay Regional Council, a representative of the Hawaii Chapter of the Sierra Club, Friends of He'eia State Park. Testimony was also received from many individuals from the Kaneohe community in support of the intent of this measure, while emphasizing that the entire plan should be implemented.

A representative for the aku fishermen supported most of the proposed amendments asking that the commercial aku fishermen be excluded from abiding by the seventy foot length provision.

Two representatives from Mid Pacific of Hawaii, Inc. and one individual from Kaneohe Bay Cruises testified in opposition to this bill because of the negative impact on their businesses.

Upon careful consideration, your Committee has amended this measure by:

- (1) Amending the purpose section to more accurately reflect the purposes of the Kaneohe Bay Master Plan;
- (2) Clarifying that all the provisions and conclusions of the Kaneohe Bay Master Plan are to be implemented, rather than the few select conclusions stated in the measure;
- (3) Deleting sections that state selected conclusions in the Kaneohe Bay Master Plan;
- (4) Set a deadline for rule-making by the Department of Land and Natural Resources of November 30, 1997;
- (5) Task the Kaneohe Bay Regional Council with the responsibility of reviewing and revising the Kaneohe Bay Master Plan by December 1999;
- (6) Clarify that the Department of Land and Natural Resources must notify and consult with the Kaneohe Bay Regional Council prior to decision making on all permit applications for Kaneohe Bay.
- (7) Repealing the July 1, 1998 sunset date for the Kaneohe Bay Master Plan.
- (8) Requiring the office of planning of the Department of Business, Economic Development and Tourism to provide technical assistance to the Kaneohe Bay Regional Council in its review and revision of the Kaneohe Bay Master Plan and its evaluation of the implementation of the plan by the Department of Land and Natural Resources.
- (9) Requires Kaneohe Bay Regional Council to deliver report on implementation of Kaneohe Bay Master Plan to the 1998 legislature.
- (10) Making technical, nonsubstantive amendments for purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Ocean Recreation and Marine Resources that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 967, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 967, HD 1, and be referred to the Committee on Judiciary.

Signed by all members of the Committee.

SCRep. 636 Ocean Recreation and Marine Resources on H.B. No. 2149

The purpose of this bill, as received by your Committee on Ocean Recreation and Marine Resources, 1) lowers commercial thrill craft activities permit transfer fee from 10% to 6% of the transfer price; 2) increase permit period from 5 to 10 years, renewable up to 20 years; and 3) excludes private thrill craft and personal water craft from restrictions contrary to USCG rules and regulations for the operation of small boats.

Testimony against this measure was received from the Department of Land and Natural Resources, cautioning the problems that would be created by unregulated use of recreational thrillcraft. They expressed a willingness to create more and larger areas for recreational thrillcraft operations. they also opposed any lowering of the business transfer fee and extending the permit period.

Testimony in support of this measure was received from Aloha Ocean Sports, Waikiki Ski Jet, Hawaiian Parasail and SeaBreeze Parasailing, Ltd.

Your Committee finds that it is important to continue regulating the use of recreational thrillcraft, though there is a clear need for additional areas for their use. Your Committee finds little justification for the business transfer fee to be greater than 10 percent. Your Committee also finds that a permit holder should be able to continue renewing the permit as long as the permit holder has been in compliance with all relevant rules and laws, rather than having the permit go up for auction after ten years.

After careful consideration, your Committee amended the measure as follows:

1. Delete proposed amendments to make this section apply only to commercial thrillcraft;
2. Change the business transfer fee from no less than ten per cent to no more than ten per cent;
3. Delete the provision that sets a ten year maximum for renewals of commercial use and operator permits for commercial thrillcraft and parasailing activities;

4. Delete the requirement that after ten years, the permit must be offered up for public auction;
5. Add the requirement that the Department shall establish areas specific for recreational thrillcraft through the Chapter 91 rule-making process; and
6. Add the provision that all operators of privately owned recreational thrillcraft must meet safety training and certification requirements.

As affirmed by the record of votes of the members of your Committee on Ocean Recreation and Marine Resources that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2149, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2149, HD 1, and be referred to the Committee on Consumer Protection and Commerce.

Signed by all members of the Committee except Representatives Yoshinaga and Meyer.

SCRep. 637 Education on H.B. No. 1014

The purpose of this bill is to require the adult and community education program to accept students from traditional high schools who have been deemed to be more appropriately placed in an alternative education program to complete their high school education.

Your Committee has amended this bill by deleting its contents and replacing it with provisions that would:

- (1) Allow the Superintendent of Education to intervene in the daily operations of a school if the school fails to meet acceptable levels of student, program, service, and operational performance established by the Board of Education and is declared to be educationally deficient;
- (2) Provide consultation and assistance to educationally deficient schools in order to assist them in reaching acceptable levels of student, program, service, and operational performance as soon as possible;
- (3) Authorize the Board of Education and the Superintendent of Education to:
 - (A) Revoke waivers granted to an educationally deficient school participating in the school/community-based management system;
 - (B) Revoke permission for an educationally deficient school to participate in the school/community-based management system;
 - (C) Revoke permission for an educationally deficient school to establish and operate a student-centered school;
 - (D) Withhold funds for discretionary programs and restrict funds for mandated programs from an educationally deficient school;
 - (E) Seize all supplementary public funds generated by the local school board of an educationally deficient school or by an educationally deficient school; and
 - (F) Appoint special masters to observe the daily operations of an educationally deficient school;
- (4) Utilize a school improvement plan to specify an educationally deficient school's interim performance goals, process goals, areas of needed improvement, priority programs, necessary objectives and activities, and timelines for implementation.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1014, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1014, HD 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Arakaki, Yonamine and McDermott.

SCRep. 638 Education on H.B. No. 2001

The purpose of this bill is to statutorily establish the statewide Preschool Open Doors early childhood education and child care program within the Department of Human Services.

Your Committee received testimony in favor of the measure from the Department of Human Services and the Democratic Party of Hawaii.

Your Committee finds that the Open Doors project has provided support for children to attend licensed preschools and has provided quality services, including the training of parents and staff development activities for teachers since 1990. The project has also won national recognition and serves as a model for other states.

Your Committee has amended this bill to:

- (1) Allow the Department of Human Services to determine the amount of tuition waiver for each eligible child attending the program;

- (2) Delete the unnecessary reference to "residence" requirement; and
- (3) Add to the incumbent program staff to be granted civil service status: one early childhood education child care specialist II (for a total of two), and one early childhood education child care specialist III.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2001, HD 1, as amended herein, and recommends that it be referred to the Committee on Finance, in the form attached hereto as H.B. No. 2001, HD 2.

Signed by all members of the Committee except Representatives Yonamine and McDermott.

SCRep. 639 Education on H.B. No. 577

The purpose of this bill, as received by your Committee, was to require the Department of Education (DOE) to:

- (1) Assist the Legislature in making the orderly transition to a school-by-school budgeting system;
- (2) Prepare and present its supplemental budget request for fiscal year 1998-1999 in the same form as its biennium request for fiscal years 1997-1998 and 1998-1999 and also by individual schools and state and district-wide support services and that the budgets for individual schools be further organized according to classroom instruction, student services, and school administration;
- (3) For the fiscal biennium 1999-2001, prepare and present its budget request for schools, districts, and the state office by the cost of administration, facilities and operations, staff support and development, pupil support, and construction.
- (4) Propose procedures and recommend legislation allowing the DOE to:
 - (A) Transfer personnel positions between schools;
 - (B) Establish district-wide contingency funds for unanticipated personnel costs at any school; and
 - (C) Establish a statewide reserve fund to supplement appropriations to schools and to meet contingencies;
 and
- (5) Submit its recommendations for proposed legislation and its supplemental budget request for fiscal year 1998-1999 to the Legislature not less than twenty days prior to the convening of the 1998 Regular Session.

The Hawaii Business Roundtable submitted testimony in support of this measure. Comments were received from the DOE indicating that it did not concur with the bill.

Your Committee finds that greater autonomy and flexibility, especially in the area of budgeting, is required at the school level to truly enable school communities to develop and implement programs tailored to meet the needs of their students. Moreover, giving schools greater authority over their own finances is the next logical step in the decentralization process which began with Hawaii's adoption of the School/Community Based Management (SCBM) program in 1989.

Your Committee has amended this bill to require that the DOE:

- (1) Assist the Legislature in determining whether to make the actual transition to a school-by-school budgeting system for the costs of individual schools, districts, and the state office;
- (2) In addition to the traditional format, prepare a supplemental budget request for fiscal year 1998-1999 by individual schools, districts, and the statewide office;
- (3) Beginning with its 1999-2001 biennial budget request, break down the budget into the costs of administration, facilities and operations, staff support and development, pupil support, and instruction; and
- (4) Submit its recommendations for proposed legislation and its supplemental budget request for fiscal year 1998-1999 to the Legislature not less than thirty days prior to the convening of the 1998 Regular Session.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 577, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 577, HD 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Arakaki, Takamine and Yonamine.

SCRep. 640 Education on H.B. No. 1919

The purpose of this bill is to require the Department of Education (DOE) to report to the Legislature about all studies related to the consolidation of public schools with specified current and projected enrollment levels.

The DOE supported the intent of the bill. Several parents of students at Wailupe Valley Elementary School and Queen Lili'uokalani Elementary School submitted testimony in opposition to the bill. Numerous students of Wailupe Valley Elementary School testified in opposition to the bill.

While supporting the intent of the bill, the DOE testified that it is necessary to use the guidelines set forth in the administrative rules when considering consolidation.

Your Committee agrees that these very reasonable criteria should be used. As such, the requirement of the bill to study schools with an arbitrary number of enrollments is not only inconsistent with these established criteria, but unnecessary and undesirable as well.

Research has demonstrated that, all other things being equal, smaller schools provide better quality education than larger schools. Testifiers repeatedly emphasized the family-like atmosphere at a certain small school that promoted a sense of belonging for students. These are the qualities of schools that should be encouraged and promoted rather than destroyed.

Your Committee has amended the bill by:

- (1) Citing the proper section in the Hawaii Revised Statutes;
- (2) Deleting the requirement to study for consolidation those schools with a current enrollment of less than 250 students and with a projected enrollment for the next six years which does not exceed 150 students;
- (3) Redrafting the purpose in section 1 of the bill to conform to the new purpose of the bill; and
- (4) Making technical, nonsubstantive revisions for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1919, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1919, HD 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Arakaki, Takamine, Yonamine, Halford and McDermott.
(Representatives Morita and Moses voted no.)

SCRep. 641 Water and Land Use on H.B. No. 551

The purpose of this bill is to prohibit any increase in lease rents for lessees on agricultural park lands or public lands designated for agricultural, pastoral, or aquacultural uses in counties having a resident population of not more than sixty persons per square mile.

The intent of this bill is to assist persons in the Kau region of the island of Hawaii in their economic recovery due to the closure of the Kau Sugar Company.

The Hawaii Farm Bureau supported this bill, and the Department of Land and Natural Resources (DLNR) and the Department of Agriculture (DOA) testified in opposition.

The DLNR testified that its trust obligation established in Section 5(f) of the Admissions Act prevents it from providing less than fair market lease rents. Moreover, it indicated that this type of rent relief is economically inefficient, because it subsidizes both productive farmers as well as those suffering economic hardship.

The DOA pointed out that the lease reopening clause contained in the existing lease requires the lessor to set reopening rents through appraisal by an independent appraiser.

Upon further consideration, your Committee has amended this bill by deleting its substance and inserting language that, among other things:

- (1) Authorizes the DLNR and DOA to enter into leases of certain eligible lands of not less than fifteen years and not more than thirty-five years with any person who, as of December 31, 1997, holds a revocable permit for agricultural purposes situated in the Kau region (the fourth representative district) on the island of Hawaii;
- (2) Specifies that the eligible lands are limited to those that are:
 - (a) Not needed by any governmental agency;
 - (b) Zoned and used for agricultural purposes; and
 - (c) Used to create economic opportunities;
- (3) Mandates that certain requirements be met during the negotiation and execution of the lease; and
- (4) Specifies that the authority granted in this bill shall expire on June 30, 1999.

The amendments contained in this bill are necessary to help residents in the Kau region better utilize their lease lands. Under current law, disposition of public lands is by public auction, unless specifically authorized otherwise by legislative act. The problem is that if Kau residents were required to bid against others for their lands, many would not be able to

afford to remain on their lands. This bill, as amended, remedies that problem by allowing the State to negotiate and enter into leases with persons who hold revocable permits for agricultural purposes and setting the annual lease rent at fair market value.

As affirmed by the record of votes of the members of your Committee on Water and Land Use that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 551, HD 1, as amended herein, and recommends that it be referred to the Committee on Finance, in the form attached hereto as H.B. No. 551, HD 2.

Signed by all members of the Committee except Representatives Garcia, Kanoho and Yoshinaga.

SCRep. 642 Education on H.B. No. 1144

The purpose of this bill is to grant immunity from civil liability for official decisions of student-centered school boards and school/community-based management (SCBM) councils.

This bill is intended to encourage parents, community members, teachers, students, and support staff to voluntarily serve on these boards and councils.

The Department of Education, the Hawaii State Teachers Association, and Waiālae Elementary School testified in support of this measure.

Your Committee finds that this bill will encourage student-centered school boards and SCBM councils to take the risk of making innovative decisions to improve the educational experience and performance of our students.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1144 and recommends that it pass Second Reading and be referred to the Committee on Judiciary.

Signed by all members of the Committee except Representatives Yonamine and McDermott.

SCRep. 643 Education on H.B. No. 1013

The purpose of this bill is to allow student-centered schools to select which services the schools may obtain through:

- (1) The Department of Education (DOE); and
- (2) Vendors, including other state agencies, of their own choosing.

Waiālae Elementary School, Hawaii's first student-centered school, supported this bill with recommended amendments. The Hawaii State Teachers Association, Lanikai School, and a parent of a Lanikai school student also supported this measure. DOE opposed this bill.

Your Committee has amended this bill by:

- (1) Requiring DOE and other state agencies to provide student-centered schools with a list of services available for purchase by March 15;
- (2) Requiring that those student-centered schools planning to make a request for a list of services and estimates of costs must do so by February 15; and
- (3) Providing that student-centered schools shall receive their per pupil allotments by July 1 instead of August 15.

Your Committee finds that this bill will assist student-centered schools in making decisions about what services they could effectively assume.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1013, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1013, HD 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Arakaki, Takamine and Yonamine.

SCRep. 644 Education on H.B. No. 1908

The purpose of this bill is to appropriate funds to establish six full-time permanent positions in the Department of Education for the Junior Reserve Office Training Corps (JROTC).

The Department of Education submitted testimony concurring with the intent of this measure.

Your Committee finds that while forty-eight positions are needed to meet current staffing requirements, only forty-two of those positions are authorized and supported by appropriations specifically designated for the JROTC program. The six shortfall positions are presently being funded by using a combination of reserve positions and district or school funds.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1908 and recommends that it be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Yonamine and McDermott.

SCRep. 645 Education on H.B. No. 134

The purpose of this bill is to provide alternative educational opportunities for children exempted from compulsory education by establishing the Alternative Education Demonstration Project.

The Department of Education submitted testimony concurring with the intent of this measure. The Hawaii State Teachers Association submitted comments on the bill.

Your Committee has amended this measure so that the demonstration project applies to "students" in an unspecified school district rather than to "all students" in the district.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 134, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 134, HD 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Yonamine and McDermott.

SCRep. 646 Education on H.B. No. 2068

The purpose of this bill is to address certain needs of new schools by:

- (1) Requiring the design of each new intermediate, middle, or high school to include a social and health services center for youth and families; and
- (2) Budgeting for each new high school to include funding for coaches' salaries, athletic equipment and supplies, and transportation for athletic teams.

Your Committee received supportive testimony from the Department of Education and two individuals. The Hawaii State Teachers Association submitted testimony in support of the intent of this measure.

Your Committee finds that athletics can play an important role in a student's overall education. For many students, athletics provide a healthy alternative to gangs. As such, the offerings of each new high school should include athletics.

Your Committee also finds that the provision of health and human services on campus facilitates access to these services for students and their families. Easy access can often prevent problems or address problems in the early stages.

The mix of services that a particular new school offers can be a sensitive topic. A group of community representatives should determine the services that will be offered at a new school. This group should be broadly representative of the area surrounding the school, and include the future staff of the school.

Your Committee has amended this measure by:

- (1) Providing that the services at a new school are to be determined by the "school community" rather than the "community"; and
- (2) Making technical, nonsubstantive revisions for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2068, HD 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2068, HD 2, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Arakaki, Takamine, Yonamine, Halford and McDermott.

SCRep. 647 Education on H.B. No. 1480

The purpose of this bill is to appropriate funds for two fourteen-passenger vans for Hana High School's athletic programs.

Testimony supporting the bill was received from numerous individuals. The Department of Education submitted testimony supporting the intent of the measure.

Your Committee believes that this is an issue that involves the safety of the students of Hana High-Elementary School, because the existing vehicles used to transport students are in disrepair.

After consideration, your Committee has amended the bill by:

- (1) Referencing Hana High-Elementary School as the proper name of the school; and
- (2) Making technical, nonsubstantive revisions for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1480, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1480, HD 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Morihara, Yonamine, Halford, McDermott and Moses.

SCRep. 648 Education on H.B. No. 632

The purpose of this bill is to make permanent the school-based health service center, which enhances the accessibility and delivery of primary health care services to adolescents.

Testimony in support of the bill was submitted by G.N. Wilcox Health Services, Hale 'Opio Kaua'i, and a concerned individual. The Department of Health and the Department of Education submitted testimony in support of the intent of this measure with recommended amendments. AFC Educational Foundation Hawaii and two individuals submitted comments on the bill.

Your Committee endorses the prevention approach to personal health that has been adopted by school-based health service centers. However, each community has unique characteristics, and the particular mix of services provided at each of these centers can be a sensitive issue. As such, your Committee underscores the need to solicit the wisdom of the broader community to determine the mix of services provided at each center. Your Committee notes that parental values are respected by the centers since parental approval is required before any student receives services at any center.

In the discussion of funding for the centers, your Committee considered the concept of decategorization since several different agencies are involved in operating the centers. Decategorization requires different agencies to coordinate their efforts when providing services to the same individual. Your Committee considered separately funding the agencies involved, thereby requiring them to pool their resources and coordinate their efforts.

Decategorization is being proposed as a pilot project in H.B. 1910, HD 1, which your Committee has approved. Your Committee urges the Committee on Finance to consider this funding mechanism for the school-based health service centers.

Your Committee has amended this measure by:

- (1) Requiring that school-based health service centers to be established only in schools with school/community based management (SCBM);
- (2) Requiring SCBM approval of services provided at each center;
- (3) Establishing a fixed fee for health services provided at the health service center to enable reimbursements from private health care insurance providers; and
- (4) Making technical, nonsubstantive amendments for purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 632, HD 1, as amended herein, and recommends that it be referred to the Committee on Finance, in the form attached hereto as H.B. No. 632, HD 2.

Signed by all members of the Committee except Representatives Yonamine and McDermott.

SCRep. 649 Energy and Environmental Protection on H.B. No. 1246

The purpose of this bill is to require owners and operators emitting reportable quantities of criteria pollutants to send annual reports describing the type, quantity, and potential threat of the pollutants to neighboring communities.

Testimony in support of this bill was received from the Department of Health and student advocates.

Testimony in opposition to this bill was received from the Department of Public Works, City and County of Honolulu, BHP Hawaii, Chevron, Hawaii Agriculture Research Center, and Hawaiian Electric Company.

Upon further consideration, your Committee has amended this bill by:

- (1) Limiting this requirement to major industrial areas where cumulative emissions from all major stationary sources in the area exceed five thousand tons per year for any criteria air pollutant as determined by the DOH;
- (2) Requiring an owner or operator of a stationary source which emits criteria air pollutants in excess of one hundred tons per year in an industrial area to mail an annual report to the neighborhood boards and community association representing the residents within a three-mile radius;
- (3) Requiring that the report be mailed within 90 days of the beginning of each year;
- (4) Specifying that the report shall contain:
 - (a) The type and quantity of criteria pollutants emitted by the facility during the prior years;
 - (b) Potential impacts of criteria pollutants on human health and the environment; and
 - (c) Controls, operating procedures, or other measures being used by the owner or operator to control emissions of the criteria pollutants; and

(5) Deleting the penalty provisions.

Your Committee believes that the intent of this bill is to improve community awareness regarding air pollutants.

As affirmed by the record of votes of the members of your Committee on Energy and Environmental Protection that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1246, as amended herein, and recommends that it pass Second Reading in the form attached here, as H.B. No. 1246, HD 1, and be referred to the Committee on Judiciary.

Signed by all members of the Committee except Representative Meyer.

SCRep. 650 Human Services and Housing on H.B. No. 599

The purpose of this bill is to provide general assistance for the duration of the eligible disability and to eliminate all artificial durational time limits on general assistance benefits for the disabled. If the twenty-four-month limit is not eliminated, about two thousand disabled persons will be cut off general assistance, their sole source of support, on June 30, 1997.

Both written and oral testimony submitted by the Department of Human Services (DHS), the University of Hawaii School of Social Work, the Hawaii Centers for Independent Living, the National Association of Social Workers, the American Association of Retired Persons, the Commission On Persons With Disabilities, the Committee On Human Services And Housing, the STRENGTH Coalition, the Committee on Welfare Reform, the Honolulu Friends Meeting, and numerous private citizens fitting into the category of individuals sought to be covered by this bill, revealed, for one, that DHS is aware that there are many recipients of assistance who are, or will be, effected by the twenty-four month time limit to General Assistance (GA) benefits for disabled persons. However, due to the bill requiring funding in excess of the executive budget, DHS cannot support this measure. Outside of the DHS concern over funding, the testimony was in wholehearted support for this bill.

The Committee believing in the concerns that this bill addresses, finds that the measure should pass with several amendments.

After considerable reflection, your Committee has amended this measure to include:

- (1) That the governor may appoint, instead of shall appoint, to the advisory council fifteen members, instead of the original twelve members, from the organizations listed in the bill;
- (2) That a recipient of General Assistance shall appointed to the advisory council; and
- (3) That notwithstanding any law to the contrary, appropriation in HMS 204 shall be carried over, and may only be used to provide cash assistance or services to recipients if there are amounts that would lapse to the general fund. This provision shall apply to fiscal year 1997, and each subsequent fiscal year.

As affirmed by the record of votes of the members of your Committee on Human Services and Housing that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 599, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 599, HD 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 651 Human Services and Housing on H.B. No. 1721

The purpose of this bill is to establish a separate, time-limited financial assistance program for needy families with minor dependents pursuant to the Personal Responsibility and Work Opportunity Reconciliation Act of 1996.

The Department of Human Services (Department) testified in support of the bill. The Office of Information Practices commented on the measure. The Legal Aid Society of Hawaii opposed the bill.

Your Committee finds that this bill brings Hawaii's financial assistance programs in line with federal welfare reform requirements.

Your Committee has amended this bill by:

- (1) Requiring that disclosure of the recipient's name to law enforcement officers shall not be made if disclosure is inconsistent with the recipient's understanding of the intended purpose for the collection of the information;
- (2) Prohibiting a person from receiving public assistance if the person is convicted of or otherwise sanctioned for violating a condition of probation or parole;
- (3) Clarifying that when determining the needs of an applicant or recipient for public assistance, the department shall, for all recipients:
 - (a) Disregard the amounts of earned or unearned income as required or allowed by federal acts or other regulations to receive federal funds;

- (b) Consider as net income in all cases the income as federal acts and other regulations that require the Department to consider for receipt of federal funds; and
- (c) Disregard a total of \$5,000 in assets and the value of one motor vehicle in determining the needs of persons for financial assistance, except that the \$5,000 exemption shall not apply to household without minor dependents;
- (4) Clarifying that Section 346-53, Hawaii Revised Statutes (HRS), does not apply to households without minor dependents;
- (5) Broadening chapter 346, Part III, HRS, to include all households without minor dependants;
- (6) Removing the five-year limit on public assistance;
- (7) Inserting a provision that establishes a separate board of physicians to determine and certify physical and mental disabilities; and
- (8) Making technical nonsubstantive amendments for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Human Services and Housing that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1721, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1721, HD 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 652 Human Services and Housing on H.B. No. 1723

The purpose of this bill is to expedite the appeals process for public housing evictions.

Both written and oral testimony submitted by the Hawaii Housing Authority (HHA) stated its belief that the present appeals process, of which residents who are subject to eviction can avail themselves for review of orders for eviction from public housing projects, is too cumbersome and slow. There are presently six hearings boards statewide whose decisions to evict can be appealed to the Board of Commissioners. Because of a great increase in the number of appeals sought in the last several years, the Commission is backlogged with eviction appeals, sometimes taking up to ten months for final resolution. Further, due to welfare reform measures, the Authority anticipates an increasing number of eviction appeals.

By this bill, the Authority is seeking to delegate power to hear appeals to another body within the Authority devoted to hearing appeals as needed, rather than being limited to the current once per month hearing schedule. The Authority believes that by doing so it will be able to expedite the process of eviction while adequately maintaining the due process rights of tenants.

The Committee is in accord with the intent of the measure, but, it too, is concerned with tenants' right to due process. Accordingly, the Committee passed the bill with several amendments aimed at safeguarding due process rights.

Your Committee amends this measure to include:

- (1) Requiring the HHA to establish rules regarding procedural requirements such as introduction of new evidence on appeal, adequate prior written notice of appeals, and rights under appeal, so that those subject to eviction can pursue adequate redress pursuant to due process.
- (2) Limiting the scope of those persons eligible to hear and decide appeals to either the Commission or boards of appeal appointed to hear said appeals. Disqualify the executive director and hearings officers from said bodies hearing and deciding appeals.
- (3) That if boards of appeal are appointed, establish at least one board per county.
- (4) That no HHA staff may be considered for, or become, a member of a board of appeal.

As affirmed by the record of votes of the members of your Committee on Human Services and Housing that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1723, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1723, HD 1, and be referred to the Committee on Judiciary.

Signed by all members of the Committee except Representative Pendleton.

SCRep. 653 Human Services and Housing on H.B. No. 1338

The purpose of this bill is to create a transitional benefits program, to be known as the "Bridge to Hope" Program (Program), beyond the time limits for the receipt of welfare for public assistance recipients who are single mothers with a child or children under age sixteen.

Your Committee received testimony from the Department of Human Services and the Office of Hawaiian Affairs supporting the intent of the measure.

Upon careful consideration, your Committee has amended this bill by:

- (1) Including a purpose and findings section describing the need for transitional benefits;
- (2) Making single parents with a child or children under age fourteen, rather than single mothers with a child or children under age sixteen, eligible for benefits under the Program;
- (3) Amending the eligibility requirements for receiving assistance under the Program to include single parents who are enrolled in a course of study at an educational institution for a minimum of credit hours;
- (4) Allowing eligible participants who receive exemptions, to receive child care, transportation assistance, and all other support services, to allow the participant to attend post-secondary school;
- (5) Requiring participants to submit proof of their participation in, and graduation from, a post-secondary school or other educational institution;
- (6) Including educational subsidies and broadening the health coverage benefits to be included under the Program; and
- (7) Making technical, nonsubstantive amendments for purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Human Services and Housing that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1338, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1338, HD 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.
(Representative Whalen voted no.)

SCRep. 654 Human Services and Housing on H.B. No. 2039

The purpose of this bill is to amend provisions affecting the expenditure of public moneys and public contracts for products and services of handicapped individuals by:

- (1) Replacing the term "handicapped individual" with "person with disabilities" to more accurately describe a person who is severely incapacitated by any physical or mental disability so that the person cannot engage in normal competitive employment because of the disability;
- (2) Replacing the term "quality rehabilitation facility" with "qualified community rehabilitation program"; and
- (3) Ensuring that contracts with qualified community rehabilitation programs are renewed annually.

Your Committee received supportive testimony from Opportunities for the Retarded, Inc., and Ka Lima O Maui. The State Procurement Office and Goodwill Industries of Honolulu, Inc. submitted testimony in support of the intent of this measure and suggested amendments.

After careful consideration, your Committee has amended this measure by:

- (1) Requiring that a qualified community rehabilitation program hold a certificate from the United States Department of Labor under Section 14(c), Part 525, and be certified by the State Department of Labor and Industrial Relations under Section 387-9, Hawaii Revised Statutes, and Section 12-20-64, Hawaii Administrative Rules;
- (2) Deleting provisions ensuring that contracts with qualified community rehabilitation programs are renewed annually; and
- (3) Making technical, nonsubstantive amendments to correct drafting errors.

As affirmed by the record of votes of the members of your Committee on Human Services and Housing that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2039, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2039, HD 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 655 Human Services and Housing on H.B. No. 1339

The purpose of this bill is to create within the Department of Human Services a case management program for children whose parent or parents are subject to work requirements, time limits on the receipt of public assistance, or reduction in cash assistance, under the Temporary Assistance to Needy Families (TANF), to be known as "leave no child behind".

Both written and oral testimony submitted by the Department of Human Services (DHS) indicated its support for the intent of this measure. The Department stated, however, that it currently provides services which cover the contingencies which this measure is addressing. Further, DHS cannot support this bill due to the fact that there is insufficient funding available to accomplish the intended goal.

After considerable reflection, your Committee has amended this measure to include:

- (1) That the word program(s) should be deleted from the section title and the text within.

- (2) Deleting the dollar and percentage amounts from subsection (d) of §346, and replacing with the requirement that funds be transferred into the Child Abuse and Neglect fund pursuant to law.

As affirmed by the record of votes of the members of your Committee on Human Services and Housing that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1339, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1339, HD 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 656 Judiciary on H.B. No. 623

The purpose of this bill is to prohibit the expungement of all official records of a person's arrest, trial, finding of guilt, and dismissal and discharge for abuse of a family or household member.

The Attorney General, the Hawaii State Commission on the Status of Women, the Honolulu Police Department, the Domestic Violence Clearinghouse and Legal Hotline, the Hawaii Catholic Conference, Child and Family Service, and a member of the public, testified in support of the bill.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 623 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 Herkes, Hiraki and Menor.

SCRep. 657 Finance on H.B. No. 1287

The purpose of this bill is to authorize contractors, subcontractors, and materialmen to institute an action against a payment bond immediately after completing their work, rather than waiting 60 days after completion and final settlement of the contract and then taking action against the contractor and its sureties.

The Subcontractors Association of Hawaii, the Pacific Electrical Contractors' Association, the Plumbing & Mechanical Contractors Association of Hawaii, the Sheet Metal Contractors Association, the Hawaii Roofing Contractors Association, the Pacific Insulation Contractors Association, the Painting and Decorating Contractors Association of Hawaii, and an individual testified in support of this measure. The State Procurement Office, the Hawaii Surety Association, and an individual testified in support of the intent of this measure. The General Contractors Association of Hawaii and Tom Sofo's Insurance & Bonding, Inc., commented on the bill.

Your Committee has amended the bill to:

- (1) More closely track the language of the federal Miller Act. Instead of being allowed to sue against the payment bond immediately, a subcontractor may sue ninety days after the last of the labor or material was provided by the subcontractor. In addition, a subcontractor to a subcontractor may similarly sue against the bond even though the person suing had no direct contractual relationship with the contractor and provided the contractor receives written notice of the amount of the claim and the name of the subcontractor supplied; and
- (2) Make technical, nonsubstantive amendments for style and clarity.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1287, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1287, HD 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Meyer.

SCRep. 658 Finance on H.B. No. 1320

The purpose of this bill is to redefine "cooler beverage" under the liquor tax law to include any liquor containing less than seven percent alcohol and not just certain blends based on wine or malt beverages.

The Distilled Spirits Council of the United States testified in support of this measure.

The Tax Foundation of Hawaii, the Legislative Center, and the Wine Institute commented on the bill.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1320 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 659 Finance on H.B. No. 2105

The purpose of this bill is to allow the counties to issue bonds to:

- (1) Implement state-of-the-art risk financing programs to pay for catastrophic losses; and

(2) Allow for enhanced investment opportunities for loss reserves held in county-established risk management funds.

The City and County of Honolulu Department of Finance testified in support of this measure.

Your Committee has amended the bill to:

- (1) Incorporate changes recommended by the City and County of Honolulu to include equipment having an estimated economic life of at least five years as a category for which bonds may be issued; and
- (2) Make technical, nonsubstantive amendments for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2105, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2105, HD 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.
(Representative Ward voted no.)

SCRep. 660 Finance on H.B. No. 2110

The purpose of this bill is to conform the filing date for public utility exemptions of real property taxes with the date specified in each respective county ordinance.

The City and County of Honolulu Department of Finance testified in support of this measure. The Tax Foundation of Hawaii commented on this measure.

Your Committee made a technical, nonsubstantive amendment to correct a drafting error.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2110, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2110, HD 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 661 Finance on H.B. No. 1691

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

H.B. No. 1691 was introduced as a short-form bill, which is sometimes referred to as a "vehicle" bill primarily used to introduce a bill containing only a general idea as to the purpose of the bill without specific details in long form. Your Committee has amended the bill to provide the substantive contents of the bill in long form so that a public hearing may be properly held on its substantive contents.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the action to report out H.B. No. 1691, as amended herein, and recommends that it be recommitted to the Committee on Finance, for the purpose of holding a public hearing thereon, in the form attached hereto as H.B. No. 1691, HD 1.

Signed by all members of the Committee.

SCRep. 662 Ocean Recreation and Marine Resources on H.B. No. 613

The purpose of this bill, as received by your Committee on Ocean Recreation and Marine Resources, is a short form bill relating to marine resources.

Your Committee recognizes that the Marine and Coastal Zone Management Advisory Group (MACZMAG), created by Act 104, Session Laws of Hawaii 1995, advises the lead agency (Office of Planning, Department of Business, Economic Development and Tourism) regarding marine and coastal zone management planning, coordination and facilitation of functions of the program, working toward the establishment and implementation of an integrated and comprehensive management system for marine and coastal resources, consistent with the objectives and policies established in Chapter 205A, Hawaii Revised Statutes.

Your Committee finds that the report to the legislature from the non-governmental members of MACZMAG includes a recommendation that requires legislative action. They recommend the addition of two new members to the advisory group: one representative from the Office of Hawaiian Affairs and one representative of the Department of Hawaiian Home Lands.

For discussion purposes and consideration by your Committee on Ocean Recreation and Marine Resources, we have amended this short form measure and inserted language which adds the Chairperson of the Department of Hawaiian Home Lands and the Administrator of the Office of Hawaiian Affairs to MACZMAG.

As affirmed by the record of votes of the members of your Committee on Ocean Recreation and Marine Resources that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 613, as amended herein, and recommends that it be recommitted to the Committee on Ocean Recreation and Marine Resources, for the purpose of holding a public hearing thereon, in the form attached hereto as H.B. No. 613, HD 1.

Signed by all members of the Committee except Representatives Yoshinaga and Meyer.

SCRep. 663 Finance on H.B. No. 103

The purpose of this bill is to support business in the State and the ongoing efforts of the Blue Ribbon Task Force on Small Business (Task Force), renamed the Small Business Task Force on Regulatory Relief, by extending the duration of the Task Force for an additional year.

The Department of Business, Economic Development, and Tourism, the National Federation of Independent Business, and the Hawaii Business League testified in support of this measure.

Your Committee has amended the bill by making technical, nonsubstantive amendments for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 103, HD 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 103, HD 2.

Signed by all members of the Committee.

SCRep. 664 Finance on H.B. No. 104

The purpose of this bill is to maintain and enhance the presence of the armed forces in Hawaii.

The State Department of Defense and GTE Hawaiian Telephone Company, Inc., testified in support of this measure.

Your Committee has amended this bill by:

- (1) Changing the amount of the appropriations to \$1 to facilitate further discussion; and
- (2) Making technical, nonsubstantive amendments for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 104, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 104, HD 1.

Signed by all members of the Committee except Representatives Nakasone and Meyer.

SCRep. 665 Finance on H.B. No. 133

The purpose of this bill is to develop a globally competitive and skilled Hawaii workforce by encouraging greater employer participation in school-to-work activities by clarifying coverage of workers' compensation for students in work-based learning situations.

The Departments of Labor and Industrial Relations and Education, the University of Hawaii, and the Hawaiian Electric Company testified in support of this measure.

Your Committee has amended this bill by:

- (1) Extending workers' compensation coverage to unpaid work-based learners working for private employers; and
- (2) Making technical, nonsubstantive amendments for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 133, HD 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 133, HD 2.

Signed by all members of the Committee except Representatives Nakasone and Meyer.

SCRep. 666 Finance on H.B. No. 352

The purpose of this bill is to establish an advisory board to assist the Department of Business, Economic Development, and Tourism (DBEDT) in making overall policy recommendations regarding the general operation of all aspects of the DBEDT's activities.

The Chamber of Commerce of Hawaii, the Big Island Business Council, and the Kona-Kohala Chamber of Commerce testified in support of this measure. DBEDT testified in support of the intent of this measure.

Your Committee has amended the bill by:

- (1) Clarifying that representation on the board by the military shall be requested by the Governor; and
- (2) Making other technical, nonsubstantive amendments for style and clarity.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 352, HD 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 352, HD 2.

Signed by all members of the Committee.

SCRep. 667 Finance on H.B. No. 392

The purpose of this bill is to increase court access to indigent persons by including pro bono legal referral services organization in those organizations that can receive funding.

The Hawaii State Bar Association and Hawaii Lawyers Care testified in support of this measure.

Your Committee has amended this bill by making technical, nonsubstantive amendments for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 392, HD 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 392, HD 2.

Signed by all members of the Committee except Representatives Nakasone and Meyer.

SCRep. 668 Finance on H.B. No. 405

The purpose of this bill is to address the needs of victims of domestic violence by appropriating funding for victim support services for domestic violence.

The Judiciary, the Democratic Party of Hawai'i, the City and County of Honolulu Police Department, Child and Family Service, Catholic Charities, the Executive Director, the President, and two board members of the Domestic Violence Clearinghouse and Legal Hotline, and two individuals testified in support of this measure.

Your Committee has amended this bill by making technical, nonsubstantive amendments for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 405, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 405, HD 1.

Signed by all members of the Committee except Representatives Nakasone and Meyer.

SCRep. 669 Finance on H.B. No. 816

The purpose of this bill is to permit persons who are members of the Employees' Retirement System (ERS) as of June 17, 1996, to acquire up to two years of active military service credit for retirement purposes after eight years of credited service as a state or county employee.

The ERS; the Office of Veterans Services; HGEA-AFSCME, Local 152, AFL-CIO; UPW-AFSCME, Local 646, AFL-CIO; a representative of the Fleet Reserve Association, and the Oahu Veterans Council; and six individuals testified in support of this measure.

Your Committee has amended this bill by making technical, nonsubstantive amendments for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 816, HD 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 816, HD 2.

Signed by all members of the Committee except Representatives Nakasone and Meyer.

SCRep. 670 Finance on H.B. No. 931

The purpose of this bill is to provide funding to assist in maintaining current minimum levels of agricultural research at the Hawaii Agricultural Research Center (HARC).

The Hawaii Farm Bureau, the Pineapple Growers Association of Hawaii; HARC; AMFAC Sugar & Agribusiness, Inc.; the Maui Chamber of Commerce; the Hawaii Forest Industry Association; Gay & Robinson Inc.; Oils of Aloha; Hawaiian Macadamia Co., Inc.; the Mark A. Robinson Trusts; and two individuals testified in support of this measure. The Department of Agriculture testified in support of the intent of the measure.

Your Committee has amended the bill by making technical, nonsubstantive amendments for the purposes of style and consistency.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 931, HD 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 931, HD 2.

Signed by all members of the Committee.

SCRep. 671 Finance on H.B. No. 1485

The purpose of this bill is to establish emergency loan availability for qualified aquaculturalists for a variety of environmental and economic emergencies.

The Departments of Agriculture and Land and Natural Resources, the Hawaii Aquaculture Association, an aquaculture specialist, and the Hawaii Fish Company testified in support of this measure.

Your Committee amended the bill by making technical, nonsubstantive amendments for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1485, HD 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1485, HD 2.

Signed by all members of the Committee.

SCRep. 672 Finance on H.B. No. 1703

The purpose of this bill is to provide emergency funding for tourism marketing covering Japan and the United States.

Your Committee has received a message from the Governor, dated January 27, 1997, stating that:

- (1) Emergency funding is needed because the timely passage of a Biennium Appropriations Act cannot be assured; and
- (2) The funding is necessary because the effort to stem the predicted downward trend in visitor arrivals in the first quarter of 1997 must be accommodated as soon as possible.

The Department of Business, Economic Development, and Tourism, the Hawai'i Visitors and Convention Bureau, the Chamber of Commerce of Hawaii, the Hawaii Business Roundtable, the Hawaii Hotel Association, the Maui Hotel Association, the ILWU Local 142, Aloha Airlines, Hawaiian Airlines, and an individual testified in support of this measure.

Your Committee has amended the bill by:

- (1) Changing the amount of the appropriation to \$5,000,000; and
- (2) Making technical, nonsubstantive amendments for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1703, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1703, HD 1.

Signed by all members of the Committee.

SCRep. 673 Finance on H.B. No. 1757

The purpose of this bill is to expand the provisions relating to concessions on public property to include parking lots.

The Department of Transportation testified in support of this measure.

Your Committee has amended the bill by making technical, nonsubstantive amendments for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1757, HD 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1757, HD 2.

Signed by all members of the Committee.

SCRep. 674 Finance on H.B. No. 1796

The purpose of this bill is to allow the Housing Finance and Development Corporation (HFDC) to:

- (1) Include its general revenues as a source of funds that can be utilized to repay revenue bonds issued by HFDC; and
- (2) Issue deeply discounted bonds to finance the infrastructure for the 500-acre former West Oahu Campus site and 800-acre East Kapolei site.

The Housing Finance and Development Corporation testified in support of this measure.

Your Committee has amended this bill by making technical, nonsubstantive amendments for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1796, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1796, HD 1.

Signed by all members of the Committee except Representatives Nakasone and Meyer.

SCRep. 675 Finance on H.B. No. 109

The purpose of this bill is to ensure that the tourism industry remains strong by appropriating funds for promotion and marketing efforts locally, nationally, and globally.

The Department of Business, Economic Development, and Tourism, the Hawai'i Visitors and Convention Bureau, the Hawaii Business Roundtable, and the Hawaii Hotel Association testified in support of this measure.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 109, HD 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 676 Finance on H.B. No. 114

The purpose of this bill is to increase intensive substance abuse treatment in prisons by providing funding to expand the Waiawa Kashbox Program to other state correctional facilities.

The Department of Public Safety, the Mayor of the City and County of Honolulu, the Department of the Prosecuting Attorney of the City and County of Honolulu, and the Hawaii Hotel Association testified in support of this measure.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 114 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Nakasone and Meyer.

SCRep. 677 Finance on H.B. No. 147

The purpose of this bill is to address long-term care needs by establishing a joint legislative committee consisting of members of the House of Representatives and the Senate to develop a sound financial plan to address these needs.

The Executive Office on Aging; HGEA-AFSCME, Local 152, AFL-CIO; the Department of Health; the Democratic Party of Hawaii; the Coalition for Affordable Long Term Care; the American Association of Retired Persons; the Kokua Council; the Policy Advisory Board for Elderly Affairs; Research Information Services; Faith in Action for Community Equity; Hawaii Long Term Care Association; and an individual testified in support of this measure.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 147, HD 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Nakasone and Meyer.

SCRep. 678 Finance on H.B. No. 419

The purpose of this bill is to strengthen the competitive position of Hawaii's ocean research and development by increasing marketing and promotional activities to expand Hawaii's market presence in the Asia-Pacific region.

The Pacific Congress on Marine Science and Technology and Makai Ocean Engineering, Inc., testified in support of this measure. The Department of Business, Economic Development, and Tourism, and the Democratic Party of Hawai'i testified in support of the intent of this measure.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 419, HD 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 679 Finance on H.B. No. 580

The purpose of this bill is to encourage the provision of business research and analysis to meet the specialized and complex informational needs of Hawaii's small businesses by appropriating funds for the operation of the Business Research Library.

The Representative from the 11th Representative District and the University of Hawaii at Hilo Small Business Development Center Network testified in support of this measure. The Department of Business, Economic Development, and Tourism testified in support of the intent of this measure. The Library Director of the Business Research Library commented on this measure.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 580, HD 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 680 Finance on H.B. No. 998

The purpose of this bill is to convert to permanent status fifteen full-time equivalent temporary athletic health care specialist positions.

The Hawaii State Teachers Association, the Hawaii Medical Association, a physician with the Mililani Sports Medicine Center, a certified athletic trainer, and the athletic director at McKinley High School testified in support of this measure.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 998 and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 681 Finance on H.B. No. 1733

The purpose of this bill is to provide the same criteria for assessing five percent of the Boating Special Fund revenues for contribution to central services expenses, which was in effect when the Boating Program (Program) was organized as a branch of the Harbors Division of the Department of Transportation (DOT).

Act 272, Session Laws of Hawaii 1992, transferred administrative responsibility of the Program from the DOT to the Department of Land and Natural Resources (DLNR). After the transfer of the Program to the DLNR, the Director of Finance determined that section 36-29, Hawaii Revised Statutes, which applied the five percent special fund assessment, no longer applied to the Boating Special Fund. However, debt service on general obligation bonds used for boating capital improvement projects must still be paid from Boating Special Fund revenues.

Your Committee finds that for purposes of contribution to central services expenses, this measure would exempt the amounts required for debt service payments from the "receipts" and deposits into the Boating Special Fund, retroactive to July 1, 1992.

The Department of Land and Natural Resources testified in support of this measure.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1733 and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 682 Finance on H.B. No. 1762

The purpose of this bill is to expedite the disposal of impounded vessels with an appraised value of \$5,000 or less.

The Department of Transportation testified in support of this measure.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1762 and recommends that it pass Third Reading.

Signed by all members of the Committee.
(Representatives Kahikina and Meyer voted no.)

SCRep. 683 Finance on H.B. No. 2145

The purpose of this bill is to reduce prison overcrowding and prison costs, increase deterrence, and reduce recidivism by making an appropriation for the Department of Public Safety to implement a program placing first-time offenders in a fast-track intermediate sanction program including regimental discipline.

The Government Efficiency Teams, Inc., testified in support of this measure. The Department of Public Safety and the Department of the Prosecuting Attorney of the City and County of Honolulu testified in support of the intent of this measure.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2145 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Nakasone and Meyer.

SCRep. 684 Judiciary on H.B. No. 1410

The purpose of this bill, as received by your Committee, was to:

- (1) Authorize the chief election officer to adopt rules controlling the inspection of voter records; and
- (2) Prohibit the use of voter records for commercial purposes.

Your Committee received testimony from the Department of the Prosecuting Attorney in support of this bill. Testimony submitted by the Office of Elections and the Office of Information Practices expressed concern that the bill as written was overbroad and would invite legal challenge. The Office of Elections proposed new language which would mitigate these concerns.

Your Committee finds that the release of voter records is essential to ensuring public trust in the integrity of the electoral system. However, your Committee believes that the public's right to know must be balanced against an individual's safety concerns. Therefore, your Committee has decided to extend the protection afforded by section 11-4.5, Hawaii Revised Statutes (HRS), which allows a voter's residence address and telephone number to be kept confidential due to the existence of life threatening circumstances, to include all persons, not just to law enforcement personnel and their families.

Additionally, your Committee has been advised that section 11-14.6, HRS, which permits only limited access to and use of certain voter information, has been found to be unconstitutional by the United States District Court, District of Hawaii, in Donrey Media Group v. Ikeda (December 16, 1996). As such, your Committee finds it necessary to delete the provisions of this measure not in conformity with the Donrey decision and to insert language to repeal section 11-4.6, HRS.

Your Committee has amended this measure by:

- (1) Eliminating the provisions prohibiting the inspection and use of voter records for commercial purposes;
- (2) Eliminating the provision prohibiting the inspection of voted ballots and other sealed election materials until after the end of the contest period;
- (3) Deleting language requiring that the chief election officer adopt rules for the inspection of voter records based upon overbroad criteria;
- (4) Permitting persons, in addition to law enforcement personnel, to apply to the clerk of the county in which they reside to keep certain voter information concerning themselves confidential because of a life threatening circumstance;
- (5) Authorizing the county clerk to rule on applications requesting confidentiality of voter information due to life threatening circumstances in accordance with rules established by the chief election officer;
- (6) Establishing procedures for challenges to decisions granting confidentiality of voting information due to life threatening circumstances; and
- (7) Making technical, nonsubstantive changes for purpose of style and clarity.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1410, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1410, HD 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Case, Hiraki and Menor.

SCRep. 685 Judiciary on H.B. No. 2308

The purpose of this bill is to amend the probate code.

H.B. No. 2308 was introduced as a short-form bill, which is sometimes referred to as a "vehicle" bill primarily used to introduce a bill containing only a general idea as to the purpose of the bill without specific details in long form. Your Committee has amended the bill to provide substantive contents of the bill in long form so that a public hearing may be properly held on its substantive contents.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the action to report out H.B. No. 2308, as amended herein, and recommends that it be recommitted to the Committee on Judiciary, for the purpose of holding a public hearing thereon, in the form attached hereto as H.B. No. 2308, HD 1.

Signed by all members of the Committee except Representatives Menor, Yoshinaga and Pendleton.

SCRep. 686 Finance on H.B. No. 480

The purpose of this bill is to restore cash assistance and food stamp benefits, which were disallowed by federal law, to qualified individuals convicted of felony drug possession, use, or distribution.

The Department of Human Services, the Department of Health, the Department of the Attorney General, the Judiciary, and the Salvation Army Family Treatment Services testified in support of this measure.

Your Committee has amended this bill by making technical, nonsubstantive amendments for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 480, HD 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 480, HD 2.

Signed by all members of the Committee except Representatives Nakasone and Meyer.

SCRep. 687 Finance on H.B. No. 1658

The purpose of this bill is to more efficiently and effectively administer the Drivers Education Program by transferring the responsibility of operating the program from the University of Hawaii Community College Employment Training Office to the University of Hawaii Community Colleges.

The University of Hawaii, Street Bikers United-Hawaii, and an individual testified in support of this measure.

Your Committee has amended the bill by making technical, nonsubstantive amendments for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1658, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1658, HD 1.

Signed by all members of the Committee.

SCRep. 688 Finance on H.B. No. 1724

The purpose of this bill is to entitle the State to recover medical assistance payments regardless of how the assistance is provided or who provides it.

The Department of Human Services testified in support of this measure.

Your Committee has amended this bill by making technical, nonsubstantive amendments for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1724, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1724, HD 1.

Signed by all members of the Committee except Representatives Fox, Marumoto, Meyer and Ward.

SCRep. 689 Finance on H.B. No. 1619

The purpose of this bill is to require that all deferred compensation plan moneys be held in trust, in compliance with federal law, for the exclusive benefit of participating state and county employees, as well as their beneficiaries.

Testimony in support of the bill was submitted by the Department of Human Resources Development.

Your Committee has amended this bill by making technical, nonsubstantive amendments for the purposes of consistency and clarity.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1619, HD 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1619, HD 2.

Signed by all members of the Committee except Representative Ward.

SCRep. 690 Finance on H.B. No. 819

The purpose of this bill is to appropriate \$50,000 to plan a workshop to develop the conceptual design and construction of an ocean floating all-natural clean energy power station.

The Honolulu Japanese Chamber of Commerce, the Consulting Engineering Council of Hawaii, the American Institute of Architects Hawaii State Council, Parsons Brinckerhoff Quade & Douglas, Inc., and an individual testified in support of this measure. The Hawaii Natural Energy Institute commented on this measure.

Your Committee has amended this bill by:

- (1) Changing the appropriation to \$1 to facilitate further discussion;
- (2) Requiring that matching contributions be obtained from non-state sources; and
- (3) Making technical, nonsubstantive amendments for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 819, HD 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 819, HD 2.

Signed by all members of the Committee except Representatives Fox, Marumoto, Meyer and Ward.

SCRep. 691 Finance on H.B. No. 294

The purpose of this bill is to continue the work of the Center for Teacher Education by appropriating \$75,000 on a dollar-for-dollar matching basis with the National Network for Educational Renewal.

The University of Hawaii, the Department of Education, the District Superintendent of the Honolulu School District, a pre-service teacher, a kindergarten teacher, and the principal of Kailua High School testified in support of this measure.

Your Committee has amended this bill by:

- (1) Changing the appropriation amount to \$1 to facilitate further discussion;
- (2) Requiring that the National Network for Educational Renewal provide in-kind or other matches for fiscal year 1998-1999;
- (3) Requiring the University of Hawaii to submit a spending plan to the 1998 Legislature; and
- (4) Making technical, nonsubstantive amendments for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 294, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 294, HD 1.

Signed by all members of the Committee except Representatives Fox, Marumoto, Meyer and Ward.

SCRep. 692 Finance on H.B. No. 2238

The purpose of this bill is to encourage citizens to make contributions for the acquisition or expansion of state parks by:

- (1) Directing the establishment of an "Acquire a Park" program within the Department of Land and Natural Resources (DLNR);
- (2) Requiring DLNR to provide the public with descriptions of proposed parks;
- (3) Establishing the Park Acquisition Trust Fund (Fund) to be used to acquire private lands for the State Parks System;
- (4) Requiring that contributions earmarked for a specific state park shall be deposited into the Fund and used for that purpose; and
- (5) Requiring that all moneys shall be used to create new state parks or to expand existing state parks.

The Sierra Club, Hawaii Chapter submitted testimony in support of this measure. The Department of Land and Natural Resources commented on this measure.

Your Committee has amended this bill by:

- (1) Inserting a provision requiring that all donations of money or property shall be deposited into the Fund, provided they do not have conditions attached which would prevent this; and
- (2) Making technical, nonsubstantive amendments for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2238, HD 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2238, HD 2.

Signed by all members of the Committee except Representative Chang.

SCRep. 693 Finance on H.B. No. 2222

The purpose of this bill is to appropriate funds to establish manufacturing extension programs in Hawaii.

The Department of Business, Economic Development, and Tourism submitted testimony in support of the intent of this measure. The Industry Network Corporation submitted comments on this measure.

Your Committee has amended this bill by making technical, nonsubstantive amendments for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2222, HD 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2222, HD 2.

Signed by all members of the Committee except Representative Chang.

SCRep. 694 Finance on H.B. No. 1906

The purpose of this bill is to enable the Employer-Union Trust Concept Committee (Concept Committee) to continue its work to proceed with conversion to an employer-union trust concept for administering public employee and retiree health benefits by:

- (1) Clarifying the composition of the Concept Committee;
- (2) Requiring the Concept Committee to submit three progress reports and two annual action plans on the proposal to the Legislature; and
- (3) Requiring the Concept Committee to propose a plan to incorporate retirees into the trust structure.

The Hawaii State Teachers Association-Retired and the Hawaii Fire Fighters Association submitted testimony in support of this measure. The Hawaii State Teachers Association, the University of Hawaii Professional Assembly, HGEA/AFSCME Local 152, and the Voluntary Employees' Benefit Association of Hawaii submitted testimony in support of the intent of this measure.

The Department of Budget and Finance and the Coalition of Hawaii State/Counties Retirees, Inc., submitted comments on this measure.

Your Committee has amended this measure by making a technical, nonsubstantive amendment for the purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1906, HD 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1906, HD 2.

Signed by all members of the Committee except Representative Ward.

SCRep. 695 Finance on H.B. No. 1896

The purpose of this bill is to deposit professional and vocational license fees to the credit of the Compliance Resolution Fund rather than the general fund.

The Department of Commerce and Consumer Affairs submitted testimony in support of this measure.

Your Committee has amended this measure by making technical, nonsubstantive amendments for the purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1896, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1896, HD 1.

Signed by all members of the Committee except Representative Ward.

SCRep. 696 Finance on H.B. No. 1869

The purpose of this bill is to allow the Insurance Commissioner to hire no-fault insurance personnel without regard to chapters 76 and 77, Hawaii Revised Statutes.

The Department of Commerce and Consumer Affairs submitted comments on this measure.

Your Committee has amended this measure by making technical, nonsubstantive amendments for purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1869, HD 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1869, HD 2.

Signed by all members of the Committee except Representative Ward.

SCRep. 697 Finance on H.B. No. 1837

The purpose of this bill is to support the activities of the local emergency response planning committees to plan, prepare, and respond to chemical emergencies by:

- (1) Requiring that the \$100 filing fees assessed to each facility under the Hawaii Emergency Planning and Community Right-To-Know Act shall be deposited into the Environmental Response Revolving Fund (Environmental Fund);
- (2) Establishing a local emergency response planning committees account within the Environmental Fund;
- (3) Authorizing that moneys from the Environmental Fund shall also be used for preparedness; and
- (4) Requiring that funds necessary to meet the needs of the Emergency Planning and Community Right-to-Know Program shall be appropriated from the Environmental Fund; provided that the appropriations not exceed the amount of moneys collected from the filing fees.

The Department of Health, Chevron Products Company, and BHP Hawaii, Inc., testified in support of this measure.

The Sierra Club, Hawai'i Chapter commented on this measure.

Your Committee has amended this bill by:

- (1) Specifying that moneys to meet the needs of the Emergency Planning and Community Right-to-Know Program be appropriated out of the general fund and the Environmental Fund; and
- (2) Making technical, nonsubstantive amendments for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1837, HD 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1837, HD 2.

Signed by all members of the Committee except Representative Chang.

SCRep. 698 Finance on H.B. No. 1815

The purpose of this bill is to specify who the Board of trustees of the Employees Retirement System (Board) may hire by:

- (1) Allowing the Board to appoint its own Chief Investment Officer; and
- (2) Prohibiting the Board from selecting its own legal counsel.

Your Committee has amended this bill by:

- (1) Deleting the change which would prohibit the Board to select its own legal counsel; and
- (2) Making technical, nonsubstantive amendments for the purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1815, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1815, HD 1.

Signed by all members of the Committee except Representative Ward.

SCRep. 699 Finance on H.B. No. 1755

The purpose of this bill is to provide that any cancellation, termination, or notice of breach or default as to leases, easements, licenses, revocable permits, concessions, or rights of entry of public lands by the Department of Transportation (DOT) are not subject to the prior approval of the Board of Land and Natural Resources (Board).

The Department of Land and Natural Resources submitted testimony in support of this measure.

Your Committee has amended this bill by:

- (1) Including assignments, consents, and amendments as additional actions by the DOT that are not subject to Board approval; and
- (2) Making technical, nonsubstantive amendments for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1755, HD 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1755, HD 2.

Signed by all members of the Committee except Representative Chang.

SCRep. 700 Finance on H.B. No. 1731

The purpose of this bill is to restructure the Library Advisory Commission for each county by, among other things:

- (1) Giving discretion to the Board of Education (BOE) to establish the various commissions rather than mandating their establishment;
- (2) Changing the appointing authority for the various commissions from the Governor to the BOE; and
- (3) Giving discretion to the BOE to determine the size of each commission rather than setting a statutory maximum and minimum.

Testimony in support of the bill was submitted by the State BOE.

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

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1731, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1731, HD 1.

Signed by all members of the Committee except Representative Ward.

SCRep. 701 Finance on H.B. No. 1709

The purpose of this bill is to authorize the Hawaii Teachers Standards Board to collect licensing and credentialing fees through mandatory payroll deductions.

The Hawaii Teacher Standards Board and the Hawaii State Teachers Association testified in support of this measure.

Your Committee has amended this bill by:

- (1) Referring properly to the Hawaii Teacher Standards Board Revolving Fund; and
- (2) Making other technical, nonsubstantive revisions for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1709, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1709, HD 1.

Signed by all members of the Committee except Representatives White and Ward.

SCRep. 702 Finance on H.B. No. 1610

The purpose of this bill is to authorize state agencies to indemnify, defend, and hold harmless United States agencies when necessary to receive federal benefits.

The Department of the Attorney General submitted testimony in support of this measure.

Your Committee has amended this bill by making technical, nonsubstantive amendments for purposes of style and clarity and to correct a drafting error.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1610, HD 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1610, HD 2.

Signed by all members of the Committee except Representative Chang.

SCRep. 703 Finance on H.B. No. 1585

The purpose of this bill is to clarify which agencies and programs are exempt from paying fees for services related to criminal history record information maintained by the Hawaii Criminal Justice Data Center (Center).

The Department of the Attorney General submitted testimony in support of this measure.

Your Committee has amended this bill by making technical, nonsubstantive amendments for purposes of clarity and style and to appropriately reflect the proper name of the Center.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1585, HD 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1585, HD 2.

Signed by all members of the Committee except Representatives Goodenow, White and Meyer.

SCRep. 704 Finance on H.B. No. 1498

The purpose of this bill is to support oceanographic training for high school students by appropriating \$200,000 to be matched dollar-for-dollar by private sources to charter the vessel "Kila" for Blue Water Marine Laboratory programs.

The University of Hawaii and an individual testified in support of this measure.

Your Committee has amended this bill by:

- (1) Changing the appropriation amount to \$1 to facilitate further discussion;
- (2) Requiring that matching contributions be obtained from non-state sources; and
- (3) Making technical, nonsubstantive amendments for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1498, HD 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1498, HD 2.

Signed by all members of the Committee except Representatives Fox, Marumoto, Meyer and Ward.

SCRep. 705 Finance on H.B. No. 417

The purpose of this bill is to ensure funding for the Trail and Access Program (Na Ala Hele) by providing a proportional share of fuel tax revenue, user fees, and private funding to be deposited into the Special Land and Development Fund.

The Department of Land and Natural Resources, the Department of Transportation, the Sierra Club, Hawaii Chapter, the Hawaii Audubon Society, Na Ala Hele, and two concerned individuals submitted testimony in support of this measure. The Tax Foundation of Hawaii submitted comments on this measure.

Your Committee has amended this bill by making technical, nonsubstantive amendments for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 417, HD 2, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 417, HD 3.

Signed by all members of the Committee except Representative Chang.

SCRep. 706 Finance on H.B. No. 4

The purpose of this bill is to:

- (1) Authorize the county directors of finance to issue special number plates to any organization or institution in the State that meets the minimum standards and qualifications established by rules; and
- (2) Specify where the words "Hawaii" and "Aloha State" are to be positioned on all plates.

The Department of Finance of the City and County of Honolulu submitted testimony in support of this measure. The Department of Land and Natural Resources submitted comments.

Your Committee has amended this measure by making technical, nonsubstantive amendments for purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 4, HD 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 4, HD 2.

Signed by all members of the Committee except Representative Ward.

SCRep. 707 Finance on H.B. No. 1840

The purpose of this bill is to appropriate moneys to prevent the reduction or discontinuance of services provided by the community hospitals.

Your Committee received a letter from the Governor dated February 1, 1997:

- (1) Stating that the program will expend all special funds before the end of the fiscal year and will be unable to provide for the general public who need hospital-based services;
- (2) Projecting a deficit of \$21,000,000 for fiscal year 1996-1997; and
- (3) Requesting immediate passage of this measure.

The Hawaii Medical Association and the Hawaii Health Systems Corporation testified in support of this measure.

Your Committee has amended this bill by making technical, nonsubstantive amendments for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1840, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1840, HD 1.

Signed by all members of the Committee except Representatives Fox, Marumoto, Meyer and Ward.

SCRep. 708 Finance on H.B. No. 1801

The purpose of this bill is to propose a constitutional amendment to enable the State to build a financial reserve to be used when there is an emergency or economic downturn, or when there is an unforeseen reduction in revenues.

Specifically, this bill would repeal the constitutionally required excess revenues tax refund and instead establish a "rainy day fund" to be known as the Emergency and Budget Stabilization Fund (Fund). Whenever the general fund balance exceeds five percent of general fund revenues at the close of the fiscal year, the Legislature would be required to deposit excess revenues into the Fund.

The Department of Budget and Finance submitted testimony in support of this measure.

The Tax Foundation of Hawaii submitted comments on this measure.

Your Committee has amended this measure by making technical, nonsubstantive amendments for the purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1801, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1801, HD 1.

Signed by all members of the Committee except Representative Ward.
(Representative Marumoto voted no.)

SCRep. 709 Finance on H.B. No. 1730

The purpose of this bill is to restructure the Advisory Council for Literacy and Lifelong Learning by changing its name, its appointing authority, its membership size, and its mission.

Comments on the bill were submitted by the State Librarian.

Your Committee has amended the bill by:

- (1) Clarifying that the name of the alliance is the Advisory Alliance for Literacy and Lifelong Learning; and
- (2) Making technical, nonsubstantive revisions for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1730, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1730, HD 1.

Signed by all members of the Committee except Representative Ward.

SCRep. 710 Finance on H.B. No. 146

The purpose of this bill is to appropriate funds for the establishment of the Office of the Legislative Analyst.

Your Committee has amended this bill by making technical, nonsubstantive amendments for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 146, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 146, HD 1.

Signed by all members of the Committee except Representatives Fox, Marumoto, Meyer and Ward.

SCRep. 711 Finance on H.B. No. 397

The purpose of this bill is to:

- (1) Exempt stored vehicles from county motor vehicle taxes; and
- (2) Allow junking of vehicles, under certain conditions, that are incapable of safe operation on public highways with no resale value except for parts or scrap.

The City and County of Honolulu testified in support of this measure. The Tax Foundation of Hawaii commented on this measure.

Your Committee has amended this bill by making technical, nonsubstantive amendments for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 397, HD 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 397, HD 2.

Signed by all members of the Committee except Representatives Fox, Marumoto, Meyer and Ward.

SCRep. 712 Finance on H.B. No. 546

The purpose of this bill is to authorize the Governor to designate up to eight renaissance zones in the State.

An individual submitted testimony in support of the measure. The Department of Taxation and two members of the Kauai County Council submitted testimony in support of the intent of the measure. The Department of Business, Economic Development, and Tourism submitted comments on this measure.

Your Committee has amended this bill by:

- (1) Authorizing the designation of up to two renaissance zones in each county;

- (2) Changing the criteria of the development plan to:
 - (a) Include evidence of community need for economic development and job creation based on the number of people receiving public assistance;
 - (b) Include a description of how the enterprises will provide increased economic opportunity, the number of jobs that will be available to the community, and the impact on businesses in the area and the community;
 - (c) Delete anticipated improvements in education, health, human services, public safety, and employment if the renaissance zone is created;
- (3) Changing the composition of the Renaissance Zone Review Board to:
 - (a) Include the Directors of Human Services and Labor and Industrial Relations; and
 - (b) Delete the Directors of Finance and Taxation;
- (4) Including in the selection criteria of a renaissance zone, population density in the county and the county's annual unemployment rate;
- (5) Specifying that the income tax exemption is to be based on income generated solely within the renaissance zone;
- (6) Specifying that the general excise tax exemption is to be based on the gross proceeds from the manufacture of tangible personal property, the wholesale sale of tangible property, or the engaging in a service business by the person solely within the renaissance zone; and
- (7) Making technical, nonsubstantive amendments for purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 546, HD 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 546, HD 2.

Signed by all members of the Committee except Representative Ward.

SCRep. 713 Finance on H.B. No. 822

The purpose of this bill is to appropriate funds for the Families for R.E.A.L. (Resources for Early Access to Learning) program and the Parent-Community Networking Centers (PCNC) program.

The Families for R.E.A.L. program is a family education and support program that supports empowerment of parents of children from birth to age five years in their dual roles of parent and teacher. The PCNC program empowers parents of children in grades kindergarten to twelve to be partners in education.

Many individuals testified in support of this measure. The Department of Education testified in support of the intent of this measure. Several individuals commented on this measure.

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

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 822, HD 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 822, HD 2.

Signed by all members of the Committee except Representatives White and Ward.

SCRep. 714 Finance on H.B. No. 1571

The purpose of this bill is to promote Hawaii's health industry and to encourage the development of health-related tourism in the Asia-Pacific region by:

- (1) Establishing a permanent international exchange program for medical students (program) between the University of Hawaii (UH) John A. Burns School of Medicine and foreign medical schools;
- (2) Establishing a revolving fund for the program; and
- (3) Appropriating funds for the program.

The Hawaii Medical Association submitted testimony in support of this measure. The Department of Business, Economic Development, and Tourism supported the intent of the bill and the UH submitted comments on the measure.

Your Committee has amended this bill by making a technical, nonsubstantive amendment for clarity.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1571, HD 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1571, HD 2.

Signed by all members of the Committee except Representative Chang.

SCRep. 715 Finance on H.B. No. 1577

The purpose of this bill is to ease the burden on farmers caused by sporadic income flow by authorizing the chairperson of the Board of Agriculture to:

- (1) Accept interest in collateral property for delinquencies in irrigation accounts presently processed for collection through normal billing procedures; and
- (2) Foreclose on the security to pay off any delinquency if necessary.

The Board of Agriculture testified in support of the measure.

Your Committee has amended this bill by making technical, nonsubstantive amendments for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1577, HD 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1577, HD 2.

Signed by all members of the Committee except Representatives Goodenow, Nakasone, White and Meyer.

SCRep. 716 Finance on H.B. No. 1587

The purpose of this bill is to:

- (1) Require the renewal of all state identification cards ten years after the date of issuance;
- (2) Expire all state identification certificates on December 31, 1999, unless they have an expiration date; and
- (3) Appropriate funding to purchase a photo identification system to produce the state identification card.

The State Attorney General testified in support of this measure. A concerned individual commented on this measure.

Your Committee has amended this bill by:

- (1) Changing the date of expiration from ten to five years after the date of issuance; and
- (2) Making technical, nonsubstantive amendments for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1587, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1587, HD 1.

Signed by all members of the Committee except Representatives Goodenow, White and Meyer.

SCRep. 717 Finance on H.B. No. 1625

The purpose of this bill is to streamline the employment and training programs by:

- (1) Reconstituting the Advisory Commission of Employment and Human Resources as the Workforce Development Council (Council);
- (2) Increasing the membership on the Council and clarifying the duties of the Council, its chairperson, and the executive director; and
- (3) Repealing the Tourism Training Council and the Hawaii Job Training Coordinating Council.

Your Committee received supportive testimony from the Department of Labor and Industrial Relations, the Department of Human Services, the Commission on Employment and Human Resources, and the chairpersons of the advisory groups to the Department of Labor and Industrial Relations.

The Department of Education and the University of Hawaii submitted testimony in support of the intent of this measure.

Your Committee has amended this measure by:

- (1) Including a provision to avoid potential conflict with the statutory responsibilities of the State Board of Vocational Education related to the state administration of federal vocational education funds and the constitutional authority of the University of Hawaii Board of Regents regarding the internal operations of the University; and
- (2) Making technical, nonsubstantive amendments for purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1625, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1625, HD 1.

Signed by all members of the Committee except Representative Ward.

SCRep. 718 Finance on H.B. No. 1638

The purpose of this bill is to:

- (1) Authorize the Department of Public Safety (DPS) to hire an additional fifteen exempt employees for its Correctional Industries Program;
- (2) Require that the DPS's annual report to the Legislature include:
 - (A) The distribution of inmates among the various correctional industry occupations;
 - (B) A statement of the goods and services provided and the revenue derived; and
 - (C) A listing of participating inmates who, upon release, find gainful employment or commit subsequent offenses; and
- (3) Require that the Correctional Industry Program establish and report on the refusal and monitoring program by which the success of the Correctional Industry Program as a rehabilitation program can be evaluated.

The Department of Public Safety submitted testimony in support of this measure.

Your Committee has amended this bill by making technical, nonsubstantive amendments for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1638, HD 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1638, HD 2.

Signed by all members of the Committee except Representative Chang.

SCRep. 719 Finance on H.B. No. 1649

The purpose of this bill is to make wilful falsification of any return, statement, or other document required by the tax laws of Hawaii a class C felony.

The Department of Taxation submitted testimony in support of this measure. The Tax Foundation of Hawaii submitted comments on this measure.

Your Committee has amended this bill by making technical, nonsubstantive amendments for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1649, HD 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1649, HD 2.

Signed by all members of the Committee except Representatives Goodenow, White and Meyer.

SCRep. 720 Finance on H.B. No. 1655

The purpose of this bill is to encourage innovative funding mechanisms for the University of Hawaii by establishing the University of Hawaii Commercial Enterprises Revolving Fund funded by revenues derived from commercial enterprises run by university programs and to be used to fund the costs and expenses of operating these enterprises.

The University of Hawaii and the Hawaii School University Partnership testified in support of this measure.

Your Committee has amended this bill by making technical, nonsubstantive amendments for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1655, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1655, HD 1.

Signed by all members of the Committee except Representatives Fox, Marumoto, Meyer and Ward.

SCRep. 721 Finance on H.B. No. 1657

The purpose of this bill is to replace the narrow statutory purpose of the College of Education with a broader mission that includes, besides training teachers, training administrators and counselors, performing research, and providing service to educational communities.

The University of Hawaii and the Department of Education testified in support of the intent of this measure.

Your Committee has amended this bill by:

- (1) Specifying that the training of teachers and other educational professionals is primarily to meet the needs of Hawaii schools; and
- (2) Making technical, nonsubstantive amendments for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1657, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1657, HD 1.

Signed by all members of the Committee except Representatives White and Ward.

SCRep. 722 Finance on H.B. No. 1660

The purpose of this bill is to:

- (1) Exempt from the State Procurement Code, the procurement of:
 - (a) University of Hawaii (UH) department and program goods and services that are routinely marketed from UH bookstores; and
 - (b) The UH-Manoa Athletics Department (Athletics Department) goods, services, and construction with moneys from the UH-Manoa Intercollegiate Athletics Special Fund; and
- (2) Require the Athletics Department to submit an audit to the Legislature on the status of the UH-Manoa Intercollegiate Athletics Revolving Fund prior to the 1999 Regular Session.

UH submitted testimony in support of this measure. The Department of Accounting and General Services submitted testimony in support of the intent of this measure.

Your Committee has amended this bill by:

- (1) Deleting reference to the "UH-Manoa Intercollegiate Athletics Special Fund" and replacing it with the "UH-Manoa Intercollegiate Revolving Fund";
- (2) Requiring the Athletics Department to submit annual reports to the Legislature, rather than an audit, on the status of the UH-Manoa Intercollegiate Revolving Fund; and
- (3) Making technical, nonsubstantive amendments for purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1660, HD 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1660, HD 2.

Signed by all members of the Committee except Representatives Ito, White and Ward.

SCRep. 723 Finance on H.B. No. 1749

The purpose of this bill is to limit the authority of the Department of Land and Natural Resources (DLNR) to review and report on certain types of historic preservation projects proposed by the State or counties to those projects that are supported through appropriations, contracts, grants, subsidies, loans, or other forms of funding assistance from the State or counties.

This bill also:

- (1) Limits the time of an appeal of DLNR's concurrence or nonconcurrence to the Hawaii Historic Places Review Board (Board) to no later than thirty days from DLNR's concurrence or nonconcurrence;
- (2) Limits the time of an appeal of the Board's decision to the Governor to no later than thirty days from the Board's written decision; and
- (3) Clarifies that the adoption of administrative rules is not necessary to effectuate the appeals process.

The Department of Land and Natural Resources submitted testimony in support of this measure.

Your Committee has amended this bill by making technical, nonsubstantive amendments for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1749, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1749, HD 1.

Signed by all members of the Committee except Representative Chang.

SCRep. 724 Finance on H.B. No. 1750

The purpose of this bill is to provide that the assignment and transfer of an agricultural lease may be made if the assignee is a bona fide individual farmer or nonindividual farm concern.

The Department of Land and Natural Resources, the Department of Agriculture, and the Hawaii Farm Bureau submitted testimony in support of this measure.

Your Committee has amended this bill by making technical, nonsubstantive amendments for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1750, HD 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1750, HD 2.

Signed by all members of the Committee except Representative Chang.

SCRep. 725 Finance on H.B. No. 1814

The purpose of this bill is to enable contributory members of the Employees' Retirement System to qualify for favorable tax treatment by allowing them to purchase membership service on a pre-tax basis resulting in the tax deferral of employee contributions.

The Honolulu Police Department and the Hawaii Government Employees Association submitted testimony in support of this measure. Your Committee received comments from the Employees' Retirement System.

Your Committee has amended this bill by making technical, nonsubstantive amendments for purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1814, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1814, HD 1.

Signed by all members of the Committee except Representative Ward.

SCRep. 726 Finance on H.B. No. 1839

The purpose of this bill is to appropriate or authorize moneys to prevent the reduction or discontinuance of services to emotionally disturbed children and adolescents.

Your Committee received a message from the Governor, dated January 30, 1997:

- (1) Stating that unanticipated increases in the number of children and adolescents who are severely emotionally disturbed and obligations associated with the Felix vs. Waihee consent decree, substantially increased the expenditures of the Child and Adolescent Mental Health Division; and
- (2) Requesting immediate passage of this measure.

The Department of Health testified in support of this measure.

Your Committee has amended this measure by appropriating the sum of \$9,218,665 for services provided to emotionally disturbed children and adolescents.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1839, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1839, HD 1.

Signed by all members of the Committee except Representatives Fox, Marumoto, Meyer and Ward.

SCRep. 727 Finance on H.B. No. 1863

The purpose of this bill is to provide consumer and business education services to businesses and the public in a cost-effective manner by:

- (1) Stating that the collection of fees for copies of computerized records of the Business Registration Division (Division) or for electronic access to computerized information shall take into account the intent to make the Division self-supporting; and
- (2) Authorizing the Director of Commerce and Consumer Affairs to assess fees for copies of consumer and business educational publications prepared or issued by the Department of Commerce and Consumer Affairs (DCCA).

DCCA submitted testimony in support of this measure. The Office of Information Practices submitted comments on this measure.

Your Committee has amended this bill by making technical, nonsubstantive amendments for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1863, HD 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1863, HD 2.

Signed by all members of the Committee except Representatives Goodenow, White and Meyer.

SCRep. 728 Finance on H.B. No. 1986

The purpose of this bill is to appropriate funds to develop bilingual citizenship classes to:

- (1) Conduct bilingual outreach and community education programs on the benefit and responsibility of becoming U.S. citizens; and
- (2) Educate and prepare eligible legal immigrants for the naturalization examination.

The Lokahi Coalition, the Child and Family Service, the Filipino Coalition for Solidarity, the Kalihi-Palama Health Center, the Oahu Filipino Community Council, the Program Executive of the Susannah Wesley Community Center, and several individuals submitted testimony in support of this measure. The Immigrant Center submitted testimony in support of the intent of this measure. The Office of Community Services of the Department of Labor and Industrial Relations and an individual submitted comments on this measure.

The Committee has amended this bill by making technical, nonsubstantive amendments for purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1986, HD 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1986, HD 2.

Signed by all members of the Committee except Representative Ward.

SCRep. 729 Finance on H.B. No. 2016

The purpose of this bill is to establish a revolving fund for the University of Hawaii-Hilo Theatre Program.

An individual submitted testimony in support of this measure. The University of Hawaii at Hilo submitted testimony in support of the intent of this measure. The Department of Budget and Finance commented on this measure.

Your Committee has amended this bill by making technical, nonsubstantive amendments for purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2016, HD 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2016, HD 2.

Signed by all members of the Committee except Representatives White and Ward.

SCRep. 730 Finance on H.B. No. 2032

The purpose of this bill is to establish on a demonstration basis the Hawaii School-to-Work Opportunities Council as the governing board for Hawaii's School-to-Work System.

Testimony in support of the bill was submitted by the Department of Labor and Industrial Relations. Testimony in support of the intent of the bill was submitted by the Department of Education, the Department of Business, Economic Development and Tourism, and the School-to-Work Opportunities Executive Council. Comments on the bill were submitted by the University of Hawaii and the Community Colleges.

Your Committee has amended the bill by:

- (1) Changing the amount appropriated for each fiscal year to \$1 to facilitate further discussion;
- (2) Removing statutory language creating the School-to-Work Opportunities Council (Council) and placing it in the Session Laws of Hawaii because of the temporary nature of the Council; and
- (3) Making other technical, nonsubstantive revisions for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2032, HD 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2032, HD 2.

Signed by all members of the Committee except Representative Ward.

SCRep. 731 Finance on H.B. No. 108

The purpose of this bill is to protect Hawaii's children from sex offenders by:

- (1) Revising the requirements for the registration of sex offenders pursuant to the federal Jacob Wetterling Crimes Against Children and Sexually Violent Offender Registration Program;
- (2) Appropriating funds for additional staffing and advertising expenses related to notification requirements; and
- (3) Permitting the taking of a sample of saliva and two samples of blood from certain committed persons who have committed sex offenses against minors to enable the development of DNA profiles for these persons.

The Department of Public Safety and the Office of Information Practices testified in support of this measure. The Department of the Attorney General and the Honolulu Police Department testified in support of the intent of this measure.

Your Committee has amended this bill by making technical, nonsubstantive amendments for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 108, HD 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 108, HD 2.

Signed by all members of the Committee except Representative Chang.

SCRep. 732 Finance on H.B. No. 122

The purpose of this bill is to create the Early Intervention Trust Fund to expand early intervention services for infants and toddlers with special needs.

The State Planning Council on Developmental Disabilities, the Hawaii Medical Association, Kapi'olani Medical Center, Moloka'i General Hospital, and numerous other organizations, parents, and individuals testified in support of this measure. The Department of Human Services and the Commission on Persons with Disabilities testified in support of the intent of this measure. The Department of Health (DOH), the Department of Budget and Finance, and the Hawaii Early Intervention Association commented on the bill.

Your Committee has amended this bill by:

- (1) Deleting its substance and replacing it with the substance of H.B. No. 1848, which is very similar and also creates an Early Intervention Trust Fund (Fund). The major differences between H.B. No. 122 and H.B. No. 1848 are as follows:
 - (a) H.B. No. 1848 makes DOH responsible for the expenditure of moneys from the Fund. H.B. No. 122 makes the Family Health Services Division within DOH responsible for this function;
 - (b) H.B. No. 1848 expresses the intention that the public and private sectors work together as partners in securing contributions to the Fund, which is not included in H.B. No. 122; and
 - (c) H.B. No. 1848 requires revenues generated by the provision of early intervention services from federal or private sources that are not specified in the bill to be deposited into the Fund which H.B. No. 122 does not do; and
- (2) Making technical, nonsubstantive revisions to the substance of H.B. No. 1848 for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 122, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 122, HD 1.

Signed by all members of the Committee except Representative Ward.

SCRep. 733 Finance on H.B. No. 351

The purpose of this bill is to streamline the permit approval process within each state agency for county buildings by, among other things:

- (1) Establishing a Permit Process Task Force (Task Force) to facilitate the state permit approval process; and
- (2) Making the Department of Business, Economic Development, and Tourism (DBEDT) the lead agency to facilitate the consolidated approval process.

DBEDT, the Department of Accounting and General Services, the Land Use Research Foundation of Hawaii, the Hawaii Business Roundtable, the Consulting Engineers Council of Hawaii, and the Pacific Resource Partnership testified in support of this measure. Your Committee received testimony in support of the intent of this measure from the Department of Health. The Sierra Club, Hawaii Chapter submitted comments on this measure.

Your Committee has amended this bill by:

- (1) Requiring the Chairperson of the Board of Land and Natural Resources to serve on the Task Force;
- (2) Requiring the Task Force to adopt a plan that makes recommendations on permit sequencing, timelines, and other issues; and

- (3) Making technical, nonsubstantive amendments for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 351, HD 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 351, HD 2.

Signed by all members of the Committee except Representative Chang.

SCRep. 734 Finance on H.B. No. 503

The purpose of this bill is to allow state agencies to purchase goods and services from sources other than the Correctional Industries Program.

Stylist Printers submitted testimony in support of this measure. Service Printers, Inc., supported the intent of this measure. The Department of Public Safety submitted comments on this measure.

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

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 503, HD 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 503, HD 2.

Signed by all members of the Committee except Representative Chang.

SCRep. 735 Finance on H.B. No. 1370

The purpose of this bill is to:

- (1) Ensure that the harvesting of trees on public lands follows wise management practices by requiring that:
 - (a) The harvesting be done in accordance with an approved management plan and consistent with provisions regarding the conservation of natural resources and environmental impact statements; and
 - (b) The harvesting of native trees use existing fire prevention and management programs and ensure the use of silvicultural practices that encourage native biodiversity and ecosystem processes;
- (2) Require that proceeds from the sale of seedlings from state nurseries, income from forest reserves and products of forest reserves, and certain other moneys be deposited into the Special Land and Development Fund (Fund); and
- (3) Specify what funds from the sale of nursery seedlings and forest reserve products may be used for.

The Hawaii Forest Industry Association submitted testimony in support of this measure.

The Department of Land and Natural Resources (DLNR), the Sierra Club, Hawaii Chapter, and the Hawaii Audubon Society submitted comments on this measure.

Your Committee has amended this bill by:

- (1) Requiring DLNR to submit an annual report to the Legislature to provide an accounting of the revenues and expenditures of the Fund; and
- (2) Requiring that harvesting be done in accordance with a harvesting plan rather than a management plan.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1370, HD 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1370, HD 2.

Signed by all members of the Committee except Representative Chang.

SCRep. 736 Finance on H.B. No. 1656

The purpose of this bill is to continue to support the Board of Regents' authority to manage tuition revenues generated for University of Hawaii (University) programs by deleting the statutory requirements to set aside tuition revenues for scholarships under the Hawaii Opportunities in Education Program (HOPE).

The University testified in support of this measure.

Your Committee finds that Act 161, Session Laws of Hawaii 1995, granted increased fiscal autonomy to the University. In accordance with this purpose, various statutory provisions establishing different kinds of tuition waivers were repealed. While the University would no longer be required to set aside moneys for HOPE scholarships, the University intends to continue to provide tuition waivers to students who would have qualified for HOPE scholarships.

Your Committee has amended this bill by making technical, nonsubstantive amendments for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1656, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1656, HD 1.

Signed by all members of the Committee except Representatives Fox, Marumoto, Meyer and Ward.

SCRep. 737 Finance on H.B. No. 1664

The purpose of this bill is to authorize Hawaii's participation in the Western Governors University by:

- (1) Designating the Board of Regents of the University of Hawaii to serve as a member of the Western Governors University on behalf of the State; and
- (2) Appropriating \$100,000 for membership in the Western Governors University.

The President of the University of Hawaii testified in support of this measure.

Your Committee has amended this bill by:

- (1) Providing background information about the Western Governors University;
- (2) Designating the Governor as a member of the Western Governors University, while authorizing the Board of Regents of the University of Hawaii to participate in the activities of the Western Governors University;
- (3) Changing the appropriation amount to \$1 to facilitate further discussion;
- (4) Changing the effective date of the bill to take effect on July 1, 1997; and
- (5) Making technical, nonsubstantive revisions for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1664, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1664, HD 1.

Signed by all members of the Committee except Representatives Fox, Marumoto, Meyer and Ward.

SCRep. 738 Finance on H.B. No. 1695

The purpose of this bill is to expand the use of energy performance contracting for public facilities by:

- (1) Extending from ten to fifteen years the maximum term of an energy performance contract;
- (2) Including in the factors upon which the level of payments is calculated: avoided maintenance, avoided energy equipment replacement, or any combination of these and the current factors; and
- (3) Providing that energy savings practices will not be used to lower an agency's appropriation level.

The bill also requires energy performance contracts to provide that total payments may not exceed total savings.

The Department of Business, Economic Development, and Tourism, the Energy Extension Service of the County of Kauai, and Hawaii Electric Company, Inc., testified in support of this measure. The Department of Education and the Department of Research and Development of the County of Hawaii testified in support of the intent of this measure.

Your Committee has amended this bill by:

- (1) Deleting the mandate to continue previous budget appropriations for agencies that implement energy-saving practices to reduce utility costs; and
- (2) Making technical, nonsubstantive revisions for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1695, HD 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1695, HD 2.

Signed by all members of the Committee except Representative Chang.

SCRep. 739 Finance on H.B. No. 1706

The purpose of this bill is to provide businesses with tax relief by suspending for eighteen-months the Employment and Training Fund assessment of 0.05 percent of taxable wages for the training of employees needing upgraded skills or other productivity-enhancing capabilities.

Your Committee received supportive testimony from the Department of Business, Economic Development, and Tourism, the Department of Labor and Industrial Relations, the National Federation of Independent Businesses, and the Hawaii Business League.

The Building Industry Association of Hawaii, Ushijima and Ushijima, Paul's Enterprises, the Board of Directors of the Hawaii Island Economic Development Board, the Blue Hawaiian Helicopters, and many concerned individuals submitted comments on this measure.

Your Committee has amended this bill by making technical, nonsubstantive amendments for purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1706, HD 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1706, HD 2.

Signed by all members of the Committee except Representative Ward.

SCRep. 740 Finance on H.B. No. 1712

The purpose of this bill is to help meet the housing needs of native Hawaiians by:

- (1) Authorizing the Department of Hawaiian Home Lands to develop and construct single-family and multi-family units for native Hawaiians;
- (2) Allowing a lessee of Hawaiian home lands to rent to native Hawaiians or Hawaiians in the lessee's own home or in a separate residential dwelling on the premises; and
- (3) Expanding the allowable mortgage insurers for lessees to include any acceptable private mortgage insurance approved by the Hawaiian Homes Commission.

The Department of Hawaiian Home Lands testified in support of this measure.

Your Committee has amended this bill by making technical, nonsubstantive amendments for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1712, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1712, HD 1.

Signed by all members of the Committee except Representatives Fox, Marumoto, Meyer and Ward.

SCRep. 741 Finance on H.B. No. 1732

The purpose of this bill is to enable the Bureau of Conveyances (Bureau) to serve the public more efficiently by providing the resources to enable the Bureau to modernize its computerized recording system through the:

- (1) Establishment of the Bureau of Conveyances Equipment Modernization Special Fund (Fund) into which shall be deposited the equipment modernization fees; and
- (2) Requirement of depositing \$2 of the collected modernization fee for each document recorded for Land Court registration and Bureau recordation in the Fund.

The Department of Land and Natural Resources, the Judiciary, and Title Guaranty of Hawaii submitted testimony in support of this measure.

Your Committee has amended this bill by making technical, nonsubstantive amendments for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1732, HD 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1732, HD 2.

Signed by all members of the Committee except Representatives Goodenow, White and Meyer.

SCRep. 742 Finance on H.B. No. 1752

The purpose of this bill is to require that in the event of a reopening, rental of publicly leased lands shall be at fair market rental.

The Department of Land and Natural Resources and the Hawaii Farm Bureau submitted testimony in support of this measure.

Your Committee has amended this bill by making technical, nonsubstantive amendments for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1752, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1752, HD 1.

Signed by all members of the Committee except Representative Chang.

SCRep. 743 Finance on H.B. No. 1843

The purpose of this bill is to expand the financing program of the State Water Pollution Control Revolving Fund to improve water quality.

The Department of Health and the Sierra Club, Hawaii Chapter, testified in support of this measure.

Your Committee has amended this bill by making technical, nonsubstantive amendments for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1843, HD 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1843, HD 2.

Signed by all members of the Committee except Representative Chang.

SCRep. 744 Finance on H.B. No. 1878

The purpose of this bill is to:

- (1) Reduce the cost of restoring a forfeited license of public accountancy;
- (2) Eliminate permit restoration requirements;
- (3) Require the director to establish fees through the rulemaking process; and
- (4) Require all fees to be deposited into the Compliance Resolution Fund.

Testimony in support of this measure was submitted by the Department of Commerce and Consumer Affairs and the Board of Public Accountancy.

Your Committee has amended this bill by making technical, nonsubstantive amendments for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1878, HD 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1878, HD 2.

Signed by all members of the Committee except Representatives Goodenow, White and Meyer.

SCRep. 745 Finance on H.B. No. 1388

The purpose of this bill is to authorize the assessment of an interest penalty of ten percent per year for outstanding traffic citations and judgments.

Your Committee received supportive testimony from the Judiciary.

Your Committee has amended this bill by:

- (1) Creating an Interest Penalty Special Fund into which will be deposited the interest penalty for outstanding traffic citations and judgments; and
- (2) Making technical, nonsubstantive amendments for purposes of consistency and clarity.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1388, HD 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1388, HD 2.

Signed by all members of the Committee except Representatives Goodenow, White and Meyer.

SCRep. 746 Finance on H.B. No. 1582

The purpose of this bill is to appropriate funds to satisfy claims against the State, its officers, or its employees for payments of judgments or settlements.

The Department of the Attorney General submitted testimony in support of this measure and requested that four additional claims be added to the list for payment.

Your Committee has amended this bill by:

- (1) Including the four additional claims requested by the Department of the Attorney General to the list for payment; and
- (2) Making technical, nonsubstantive amendments for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1582, HD 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1582, HD 2.

Signed by all members of the Committee except Representative Chang.

SCRep. 747 Finance on H.B. No. 1654

The purpose of this bill is to extend the flexibility of the University of Hawaii and the Department of Education by making permanent their authority and responsibility in acquiring goods and services, pre-auditing payments, disbursing, fund accounting, and business and accounting forms.

The University of Hawaii and the Department of Education testified in support of this measure.

Your Committee has amended this bill by making technical, nonsubstantive amendments for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1654, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1654, HD 1.

Signed by all members of the Committee except Representatives Fox, Marumoto, Meyer and Ward.

SCRep. 748 Finance on H.B. No. 1836

The purpose of this bill is to protect and improve the quality of the state's drinking water by:

- (1) Authorizing the Department of Health to issue low-interest loans to finance public and private water system improvement projects; and
- (2) Ensuring that Hawaii will be eligible to receive federal funding by meeting the requirements of the federal Safe Drinking Water Act Amendments of 1996.

The Water Resources Research Center of the University of Hawaii, the Board of Water Supply of the City and County of Honolulu, and the Department of Water of the County of Kauai testified in support of this measure. The Department of Health commented on this measure.

Your Committee has amended this bill by making technical, nonsubstantive amendments for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1836, HD 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1836, HD 2.

Signed by all members of the Committee except Representative Chang.

SCRep. 749 Finance on H.B. No. 1895

The purpose of this bill is to authorize the members of advisory committees established by the Department of Commerce and Consumer Affairs to serve as:

- (1) Consultants to the Director of Commerce and Consumer Affairs; and
- (2) Experts for professional and vocational licensing.

Testimony in support of this bill was received from the Department of Commerce and Consumer Affairs.

Your Committee has amended this bill by making technical, nonsubstantive amendments for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1895, HD 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1895, HD 2.

Signed by all members of the Committee except Representatives Goodenow, White and Meyer.

SCRep. 750 Consumer Protection and Commerce on H.B. No. 1842

The purpose of this bill is to ensure quality services while eliminating unnecessary government oversight by:

- (1) Placing therapeutic living programs under the authority of the Department of Health (DOH); and
- (2) Deleting the "unsupervised, independent living arrangements" program element of the Community Residential Treatment System.

The DOH submitted testimony in support of this measure. Your Committee received testimony in opposition of this measure from a concerned individual.

To protect consumers and the community and to ensure that health and safety standards are met, the DOH needs statutory authority to license therapeutic living facilities. This bill would give the DOH the authority to license transitional and semi-supervised 24-hour community mental health and substance abuse programs.

In addition, the DOH noted as unnecessary the program element for unsupervised, independent living arrangements for persons who do not need professional or paraprofessional support or assistance in daily living activities.

Your Committee has amended this measure by making technical, nonsubstantive amendments for purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1842, HD 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1842, HD 2.

Signed by all members of the Committee except Representatives Case, Herkes, Tom and Kawanakoa.

SCRep. 751 Consumer Protection and Commerce on H.B. No. 1886

The purpose of this bill is to authorize certified dental hygienists to administer block anesthesia.

The Board of Dental Examiners and the Hawaii Dental Hygienists' Association submitted testimony in support of the bill.

While in support of the bill, the Board of Dental Examiners recommended amending the bill to allow a dental hygienist to administer block anesthesia only under the direct supervision of a dentist and upon providing satisfactory proof to the Board of Dental Examiners of certification in the administration of this procedure.

Your Committee has amended the bill by:

- (1) Incorporating the recommendation of the Board of Dental Examiners; and
- (2) Making technical, nonsubstantive revisions for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1886, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1886, HD 1.

Signed by all members of the Committee except Representatives Case, Herkes, Tom, Aiona and Kawanakoa.

SCRep. 752 Judiciary on H.B. No. 1

The purpose of this bill is to establish identification and informational marking requirements for motor carrier vehicles.

The Hawaii Transportation Association testified in support of the bill. The Department of Transportation supported the intent of the measure.

Your Committee has amended this bill by making a technical, nonsubstantive amendment for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1, HD 1.

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

SCRep. 753 Judiciary on H.B. No. 581

The purpose of this bill is to define the liability of providers of recreational activities, such as scuba or skin diving, sky diving, bicycle tours, and mountain climbing.

Your Committee received testimony on this bill from the Activity Owners Association of Hawaii, the Maui Commercial Boaters and Ocean Affiliated Transportation Association, Pride Charters, Inc., Maui Downhill Company, Maui-Molokai Sea Cruises, Maui Classic Charters, Inc., Trilogy Company, Mango Mitch EcoTours, and Makena Coast Charters.

Your Committee finds that liability insurance is one of the single most expensive costs of operating a recreational activity business. This bill limits the exposure to liability of recreational activity providers by recognizing that participants have a duty to take responsibility for their own actions when participating in an activity. By signing a release waiving an owner's or operator's liability for damages for injuries resulting from participation in certain inherently risky recreational activities, patrons acknowledge those risks and accept responsibility for their actions. This bill establishes the legal effect of such waivers.

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

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 581, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 581, HD 1.

Signed by all members of the Committee except Representatives Hiraki, Menor and Pendleton.

SCRep. 754 Higher Education on H.B. No. 872

The purpose of this bill is to eliminate the restriction limiting the membership of the International Advisory Board of the East-West Center (EWC) to a maximum of eleven members.

The EWC submitted testimony in support of the measure.

Your Committee notes that EWC programs serve more than forty Pacific and Asian nations. However, in recent years, federal funding of the EWC has been substantially reduced, requiring that alternative sources of funding be sought. Your Committee finds that the removal of the restriction limiting board membership to a maximum of eleven will permit greater representation by more EWC nations and lead to increased participation in EWC fundraising efforts and activities.

As affirmed by the record of votes of the members of your Committee on Higher Education that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 872 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 Santiago, Takumi, Halford and McDermott.

SCRep. 755 Higher Education on H.B. No. 1659

The purpose of this bill is to clarify that one of the purposes of the Research Corporation of the University of Hawaii (RCUH) is to conduct training.

The University of Hawaii and RCUH submitted testimony in support of this measure.

Your Committee finds that the statutory statement of RCUH's purpose implies that it may conduct training. However, since the term "training" is not specifically stated, the ability of the University of Hawaii to obtain grants for training may be impaired. This bill clarifies that one of the purposes of RCUH is to conduct training.

As affirmed by the record of votes of the members of your Committee on Higher Education that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1659 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 Santiago, Tarnas and Yonamine.

SCRep. 756 Higher Education on H.B. No. 1006

The purpose of this bill, as received by your Committee, was to:

- (1) Require that at least one member of the University of Hawaii (UH) Board of Regents (BOR) be a student or a recent alumnus;
- (2) Provide that the student member be nominated from a list of three nominees provided by an organization representing the student governments of all UH campuses;
- (3) Eliminate the requirement that an ex officio student member be appointed by the BOR as a representative to each of the various BOR standing committees except the committee on personnel relations; and
- (4) Provide for two-year terms for student members of the BOR.

Several students of the University of Hawaii testified in support of this measure. The University of Hawaii submitted comments.

Your Committee has amended this measure to:

- (1) Increase the membership of the BOR from eleven members to twelve;
- (2) Eliminate the requirement that student members be selected from a list of nominees provided by an organization representing all UH campuses as that provision was in violation of article X, section 6 of the State Constitution;
- (3) Substitute the term, "graduate", for the term, "alumnus";
- (4) Provide that any student or recent graduate member of the BOR is not to participate in any personnel matters, including voting;
- (5) Retain the requirement that each of various BOR standing committees except the committee on personnel relations have an ex officio student member;
- (6) Provide for two-year terms for recent graduate members of the BOR, in addition to student members;

- (7) Include a definition of "recent graduate" in section 304-3, Hawaii Revised Statutes; and
- (8) Make technical, nonsubstantive revisions for purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Higher Education that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1006, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1006, HD 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Santiago, Stegmaier, Takumi, Halford and McDermott.

SCRep. 757 Economic Development and Business Concerns on H.B. No. 2227

The purpose of this bill is to further benchmarking efforts to develop the economy and improve the quality of life on the Waianae Coast by:

- (1) Establishing the Waianae Coast Community Benchmarking Pilot Project; and
- (2) Requiring Ke Ala Hoku to submit annual progress reports to the Legislature no later than twenty days prior to the convening of each regular session.

Your Committee received supporting testimony from the Office of Planning of the Department of Business, Economic Development, and Tourism, the Department of Health, the Aloha United Way, the Hawaii Community Services Council, Bank of Hawaii, and three individuals.

Your Committee believes that benchmarking is an effective way to unify communities, optimize the allocation of resources, and integrate planning across different sectors by giving communities common goals for developing the economy and improving the quality of life.

As affirmed by the record of votes of the members of your Committee on Economic Development and Business Concerns that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2227 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 Cachola.

SCRep. 758 Economic Development and Business Concerns and Agriculture and Tourism on H.B. No. 1693

The purpose of this bill is to provide the Hawaii Strategic Development Corporation (HSDC) more investment flexibility by amending the definition of "economic development project" to include advanced technology-based agricultural enterprises, tourism-related businesses, and retailing.

Your Committees received testimony in support of this bill from the Department of Business, Economic Development, and Tourism.

Allowing the HSDC to invest in advanced technology-based agricultural enterprises, tourism-related business, and retailing will not only give the HSDC more flexibility, but it will also enable the HSDC to attract more venture capital firms seeking partnerships with HSDC to Hawaii. Your Committees also find that an expanded range of investments will lead to economic diversification and job creation.

As affirmed by the records of votes of the members of your Committees on Economic Development and Business Concerns, Agriculture, and Tourism that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 1693 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 Morita.

SCRep. 759 Consumer Protection and Commerce on H.B. No. 260

The purpose of this bill is to repeal the provision prohibiting the allowance of credit to any insurer for reinsurance ceded to an alien insurer.

Your Committee finds that with the adoption of Article 4A of the Insurance Code, relating to Credit for Reinsurance, this provision is no longer needed.

The Department of Commerce and Consumer Affairs testified in strong support of this measure.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 260 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 Case, Garcia, Tom and Yoshinaga.

SCRep. 760 Consumer Protection and Commerce on H.B. No. 369

The purpose of this bill is to exempt foreign or alien reinsurers from the requirement that foreign or alien insurers licensed in Hawaii appoint a general agent.

The Department of Commerce and Consumer Affairs submitted testimony on the bill expressing no objections to it.

Your Committee finds that one of the purposes of insurance regulation is to protect consumers by ensuring that the State has sufficient oversight over entities conducting insurance business in Hawaii. The consumers of reinsurance are themselves insurance companies, which should have sufficient expertise to deal directly with reinsurers without need for a general agent.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 369 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 Case, Garcia, Tom and Yoshinaga.

SCRep. 761 Consumer Protection and Commerce on H.B. No. 919

The purpose of this bill is to require an insurer, upon written request from a person who is or is attempting to become a mortgagor, to provide coverage for an amount not less than the amount of the mortgage obligation, but no greater than the value of the property being insured, provided that the amount does not exceed the limits of the plan.

Your Committee received supportive testimony from the Department of Commerce and Consumer Affairs, the American Association of Retired Persons, and a concerned individual.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 919 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 Case, Garcia, Tom and Yoshinaga.

SCRep. 762 Consumer Protection and Commerce on H.B. No. 784

The purpose of this bill is to:

- (1) Establish the requirement that all candidates for the registration exam for licensure to practice architecture in the State of Hawaii have completed a post-graduate program of training that bridges the gap between formal education and professional practice as a registered architect; and
- (2) Require that this program of training be administered by the National Council of Architectural Registration Boards.

Four private architects submitted testimony in support of this bill. The AIA Hawaii State Council and the Board of Professional Engineers, Architects, Surveyors, and Landscape Architects submitted testimony in support of this bill with suggested amendments.

Your Committee finds that the Intern Development Program (IDP) was created to address the problem of an architect's transition between formal education and architectural registration. The IDP is currently a registration requirement in forty-two other states, and Hawaii architects who move to or wish to practice in other states that require IDP will be in jeopardy of licensure reciprocity if Hawaii fails to adopt an IDP requirement.

Your Committee has amended this bill by:

- (1) Making all persons eligible for licensure under Section 464-8(b), Hawaii Revised Statutes, subject to the IDP; and
- (2) Providing that the IDP shall fulfill or be counted toward the respective experience requirements specified in Section 464-8(b), Hawaii Revised Statutes.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 784, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 784, HD 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Cachola, Tom and Kawanakoa.

SCRep. 763 Consumer Protection and Commerce on H.B. No. 1189

The purpose of this bill is to strengthen Hawaii's position as one of the preeminent captive insurance domiciles in the United States by authorizing association captive insurance companies, including risk retention captive insurance companies, to form as reciprocal insurers.

Testimony supporting the bill was received from the Department of Business, Economic Development, and Tourism; the Hawaii Captive Insurance Council; Alexander Insurance Managers Hawaii; Johnson and Higgins Services, Inc.; and Marsh and McLennan. The Department of Commerce and Consumer Affairs submitted testimony recommending amendments to the bill.

Act 253, Session Laws of Hawaii (SLH) 1986, authorized the formation of captive insurance companies in Hawaii. According to testimony received by your Committee, Hawaii's first captive insurance company was licensed under Act 253 in December, 1987. Today, Hawaii has 49 licensed captive insurance companies. The captive insurance industry benefits the State by providing direct employment in management companies, and also utilizes the services of local financial institutions, legal counsel, claims adjusters, and certified public accountants.

Currently, Hawaii law allows for the formation of captive insurance companies as stock or mutual insurers. However, there are some entities such as quasi-public agencies that, because of their governing laws, may not form captive insurance companies as stock or mutual insurers. This bill would allow these entities to form captive insurance companies as reciprocal insurers, thereby enhancing the State's attractiveness as a captive domicile.

Testimony also indicated that the captive industry in Hawaii is the second largest in the United States and the largest in the Asia-Pacific region. This industry is one of the few industries in Hawaii that has experienced positive economic growth every year for the past five years. The economic growth of the Asia-Pacific region places Hawaii in a prime position to attract more captive insurance companies as the concept becomes widely accepted in the region.

However, despite Hawaii's position in this industry, the State faces increased pressure from other captive insurance domiciles that are adding flexibility to their captive laws, threatening Hawaii's position. Hawaii's continued success will be facilitated by its ability to adapt its captive insurance laws to meet the challenges of other jurisdictions.

After carefully considering the merits of the measure and the testimony received, your Committee has amended the bill to clarify that association captive insurance companies may organize, rather than incorporate, as reciprocal insurers, because reciprocal insurers are organized as unincorporated aggregation of subscribers.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1189, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1189, HD 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Case, Garcia, Tom and Yoshinaga.

SCRep. 764 Consumer Protection and Commerce on H.B. No. 1216

The purpose of this bill is to clarify which insurance laws of the State are applicable to association captive insurance companies, including risk retention insurance companies.

This bill:

- (1) Identifies specific articles of the Insurance Code that are necessary for the effective regulation of captive insurance companies; and
- (2) Clarifies the Insurance Commissioner's authority to adopt rules regarding the financial oversight of such captive insurance companies.

Supporting testimony was presented by the Hawaii Captive Insurance Council, Becher+Carlson Risk Management, Inc., Alexander Insurance Managers Hawaii, Johnson and Higgins Services, Inc., and Marsh and McLennan. The Department of Commerce and Consumer Affairs suggested an amendment.

Your Committee has amended this bill by:

- (1) Including part III of article 3 as another provision applicable to captive insurance companies. This article covers annual requirements and limiting provisions; and
- (2) Making technical, nonsubstantive amendments for purposes of style and clarity and to correct a drafting error.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1216, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1216, HD 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Case, Garcia, Tom and Yoshinaga.

SCRep. 765 Consumer Protection and Commerce on H.B. No. 1330

The purpose of this bill is to repeal the requirement that retail dealers set aside exclusive space for the sale of liquor if other retail items are sold on their premises.

The Retail Liquor Dealers Association and the Distilled Spirits Council of the United States testified in support of the bill.

Current law requires retail dealers to set aside space on their premises exclusively for the sale of liquor if other retail items are sold. However, the sale of beer and wine is exempt from this requirement, and these items may be sold anywhere on the premises.

This amendment to the law will treat the sale of liquor, beer, and wine equally without relaxing controls designed to prevent the sale of liquor to underage individuals. Further, it will ease the administrative burden on the Liquor Commission which must approve requests for liquor display changes.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1330 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 Cachola, Tom and Kawanakoa.

SCRep. 766 Consumer Protection and Commerce on H.B. No. 1190

The purpose of this bill is to expand the coverage for credit life and credit disability insurance for captive insurance companies.

The Hawaii Captive Insurance Council, Becher + Carlson Companies, Alexander & Alexander, Johnson and Higgins Services, Inc., and Marsh & McLennan testified in support of the measure. The Insurance Commissioner testified in support of the intent of the bill, but recommended an amendment to make the law covering the regulation of credit life and credit disability insurance applicable to captive insurance companies with risk located in Hawaii.

Your Committee finds that currently, Hawaii's captive insurance law only allows a captive insurance company to write credit life and credit disability insurance relating to specific loans or other credit transactions between the captive's parent or affiliated companies and their officers, directors, and employees. Because of this limitation, no captive insurance company has written credit life or credit disability insurance in this state.

This measure would provide greater flexibility for captives to write credit life and credit disability insurance, keeping Hawaii competitive with Vermont and offshore domiciles where credit life and credit disability insurance are allowed.

Your Committee has amended this bill by:

- (1) Adopting the Insurance Commissioner's recommendation that would subject captive insurance companies writing credit life or credit disability policies to sections 431:10B-101 through 431:10B-114 and rules adopted by the Commissioner; and
- (2) Making technical, nonsubstantive amendments for the purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1190, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1190, HD 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Case, Garcia, Tom and Yoshinaga.

SCRep. 767 Consumer Protection and Commerce on H.B. No. 1049

The purpose of this bill, as received by your Committee, is to provide more time for the police to identify stolen property sold to or pledged with pawnbrokers by:

- (1) Increasing the time period that pledged goods may be redeemed from thirty to ninety days;
- (2) Requiring that pledged goods be held for ninety days after the maturity date of any transaction rather than the current thirty days;
- (3) Prohibiting dealers from altering, disposing of, or otherwise changing the character or integrity of precious and semiprecious metals and gems for a period of ninety working days rather than the current ten working day period; and
- (4) Requiring dealers to retain articles received by them in the county where they were received or purchased for a period of ninety working days after purchase or possession, whichever comes later, rather than the current ten-day working period.

Testimony in support of this bill was submitted by the Honolulu Police Department. Opposing testimony was received from the Hawaii Pawnbrokers & Second Hand Dealers Association and a private attorney.

Your Committee finds that extending the required holding periods will provide the police with more time in which to recover stolen property from the pawnshops. Currently, the property is often sold before it can be identified as having been stolen.

However, your Committee recognizes that the extended time periods called for in this measure may result in significantly higher inventory and insurance costs for pawnbrokers and create a possible incentive for pawnbrokers not to record certain transactions as is required by law.

Accordingly, after careful consideration, your Committee has amended this bill by:

- (1) Deleting the provision extending to ninety days the time period in which pledged goods may be redeemed;

- (2) Eliminating the requirement that pledged goods be held for ninety days after the maturity date of a pledged transaction;
- (3) Shortening to thirty calendar days the time period that dealers will be prohibited from altering, disposing of, or otherwise changing the character or integrity of precious and semiprecious metals and gems, instead of the ninety-day time period proposed in the original bill;
- (4) Requiring dealers to retain articles in the county that they were received or purchased for only thirty calendar days after their purchase or possession, whichever comes later, rather than the ninety working day time period called for in the original measure; and
- (5) Making technical, nonsubstantive revisions for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1049, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1049, HD 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Cachola, Tom and Kawanakoa.

SCRep. 768 Consumer Protection and Commerce on H.B. No. 1897

The purpose of this bill is to make housekeeping amendments to Chapter 464, Hawaii Revised Statutes, by repealing obsolete and unnecessary provisions.

Testimony in support of this bill was received from the Department of Commerce and Consumer Affairs, the Board of Professional Engineers, Architects, Surveyors, and Landscape Architects (Board), and the Hawaii Society of Professional Engineers.

This bill amends Chapter 464 by eliminating language:

- (1) Exempting from licensure State and county employees employed as of May 2, 1923;
- (2) Requiring that licensure applicants provide information related to age, and specifically, business and residence addresses;
- (3) Establishing licensing requirements for landscape architecture license applicants applying prior to January 1, 1971;
- (4) Requiring that license renewal notices be mailed by "the secretary of the board"; and
- (5) Requiring that the names of persons responsible for a corporation or copartnership engaged in practices regulated by Chapter 464 be filed with the Board.

The above-mentioned provisions either are no longer applicable or duplicate requirements established in other provisions of the licensing laws.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1897 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 Cachola, Tom and Kawanakoa.

SCRep. 769 Consumer Protection and Commerce on H.B. No. 1902

The purpose of this bill is to eliminate the Board of Examiners of Nursing Home Administrators (Board), but maintain regulation and licensing of nursing home administrators as a program administered by the Director of the Department of Commerce and Consumer Affairs (DCCA). The bill also makes housekeeping amendments to section 26-9 and various sections of chapter 457B, Hawaii Revised Statutes.

The DCCA and the Hawaii Long Term Care Association testified in support of this bill.

Your Committee finds that the duties of the Board can be performed by the Director and the Director's staff, and when necessary, expertise can be obtained from an informal advisory committee. The Director already has similar responsibilities for other regulatory and licensing programs under the DCCA's jurisdiction. Further, the retention of a regulatory scheme in the form of a program will not compromise the protection of the public's health, safety, and welfare.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1902 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 Cachola, Tom and Kawanakoa.

SCRep. 770 Consumer Protection and Commerce on H.B. No. 1326

The purpose of this bill is to amend the definition of "retail licensee" and to clarify certain conditions pertaining to the sale of malt beverages and the purchase of intoxicating liquor.

This bill also clarifies the Intoxicating Liquor Act by:

- (1) Amending the definition of "retail licensee" to include licensees holding a class 14 brewpub license;
- (2) Providing that the sale of malt beverages is permitted pursuant to county planning and public works department conditions; and
- (3) Providing that intoxicating liquor sold to consumers for consumption on the licensee's premises must be purchased by the licensee from a class 1 manufacturer licensee or a class 3 wholesale dealer's licensee.

The Department of Liquor Control, County of Maui, gave supporting testimony.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1326 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 Cachola, Tom, Yoshinaga, Aiona and Kawanakoa.

SCRep. 771 Consumer Protection and Commerce on H.B. No. 1885

The purpose of this bill is to:

- (1) Change the composition of the Board of Public Accountancy; and
- (2) Provide an alternative to the experience requirement for certification as a certified public accountant.

The Internal Revenue Service and the Department of Commerce and Consumer Affairs submitted testimony in support of this measure.

Your Committee understands that public accountants are a diminishing class of licensees who, in 1955, were allowed to enter the profession without satisfying the examination and education requirements for licensure as a certified public accountant. Since 1955, an individual must either meet the "grandfather" requirements for a public accountant license, or meet the requirements for a "certified" public accountant license to practice public accountancy. Therefore, no public accountants have been licensed since the 1960s and their number has steadily declined as they retire from the profession. Currently, there are less than fifty licensed public accountants, as opposed to over two thousand certified public accountants licensed in this State. Your Committee notes that while this bill deletes the requirement for a public accountant board member, public accountants would still be eligible for appointment as this bill does not restrict the licensee members to be only certified public accountants.

Further, your Committee finds that certain aspects of private or government accounting or auditing experience may be equivalent to experience obtained in public accountancy practice. Therefore, this bill will allow recognition and acceptance of experience earned in different defined practice settings, as allowed in the majority of other jurisdictions. Individuals who do not work for public accountancy firms, but who otherwise possess equivalent knowledge and experience could then qualify for licensure.

Your Committee has amended this measure by making technical, nonsubstantive amendments for purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1885, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1885, HD 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Cachola, Tom and Kawanakoa.

SCRep. 772 Consumer Protection and Commerce on H.B. No. 1887

The purpose of this bill is to:

- (1) Establish a single consolidated board with the authority to regulate barbers and beauty operators, rather than maintaining two separate boards;
- (2) Amend the definitions of "apprentice", "barber", and "board" which are contained in section 438-1, Hawaii Revised Statutes (HRS);
- (3) Amend the definitions of "apprentice", "apprentice permit", and "board" which are contained in section 439-1, HRS;
- (4) Amend section 438-6, HRS, to clarify that a person shall have sixty days from the date of notification to request a contested case hearing where a licensing application has been denied; and
- (5) Repeal sections 439-3, 439-5, 439-7, and 439-10, HRS, pertaining to the Board of Cosmetology.

Testimony in support of this bill was received from the Department of Commerce and Consumer Affairs and the Hawaii Institute of Hair Design.

No testimony in opposition to this bill was received.

Your Committee believes that the intent of this bill is to increase government efficiency and effectiveness by consolidating the regulatory oversight of two related professions into a single board, without negatively impacting consumer protection.

Upon further consideration, your Committee has amended this bill by:

- (1) Adding a definition of "student" to mean "a person who is engaged in learning to be a barber in a barber school and while so doing assists in doing any act involved in the practice of barbering under the supervision of an instructor";
- (2) Making technical, nonsubstantive changes for purposes of clarity and style; and
- (3) Correcting a drafting error in the bill.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1887, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1887, HD 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Cachola, Tom and Kawanakoa.

SCRep. 773 Consumer Protection and Commerce on H.B. No. 1889

The purpose of this bill is to:

- (1) Streamline the application, examination, and licensing procedures for hearing aid dealers and fitters; and
- (2) Repeal the Board of Hearing Aid Dealers and Fitters (Board) and reassign the Board's duties to the Director of the Department of Commerce and Consumer Affairs (Director).

Specific provisions of this bill would accomplish the following:

- (1) Authorize the Director to establish an advisory committee and to adopt rules in accordance with chapter 91, Hawaii Revised Statutes;
- (2) Repeal the specific listing of the content of the hearing aid licensing examination to provide more flexibility when updating the examination as statutory amendments would no longer be necessary, thereby allowing revisions to be made on a more timely basis;
- (3) Permit the Director to contract with a professional testing agency for examinations;
- (4) Rename "certificate of endorsement" as "license by endorsement";
- (5) Repeal the provisions for temporary permits as being unnecessary;
- (6) Repeal the requirement that businesses annually file a report listing all licensed hearing aid dealers and fitters directly or indirectly employed by them as the provision is basically unenforceable since there is no requirement for the businesses to be licensed; and
- (7) Provides that all rules, guidelines, and other material adopted or developed by the Board remain in full force and effect until amended or repealed by the Department of Commerce and Consumer Affairs (DCCA) pursuant to chapter 91, HRS.

Testimony in support of this bill was received from the DCCA.

While sunset evaluations conducted in both 1985 and 1994 recommended deregulation of hearing aid dealers and fitters, your Committee believes that some regulation is necessary for the protection of consumers requiring such products. However, your Committee finds that as the standards for licensure currently in place are so clearly defined, the Board's repeal is warranted as its regulatory duties can be accomplished by the DCCA without additional assistance.

Your Committee further finds that the specific regulatory changes proposed in this measure will increase the efficiency of the application, examination, and licensing process while maintaining the effectiveness of the program and safeguarding the health and welfare of consumers.

Your Committee has amended this bill to make technical, nonsubstantive amendments for purposes of style, clarity, and consistency.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1889, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1889, HD 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Cachola, Tom and Kawanakoa.

SCRep. 774 Consumer Protection and Commerce on H.B. No. 1899

The purpose of this bill is to amend various provisions of the Insurance Code (Code), Chapter 431, Hawaii Revised Statutes (HRS), by:

- (1) Broadening the definitions of "state" and "United States" in sections 431:1-213 and 431:1-214, HRS, to include American Samoa, Guam, and the United States Virgin Islands, which will permit insurers domiciled in these areas to be considered foreign insurers;
- (2) Authorizing the Insurance Commissioner in section 431:9-235(a), HRS, to suspend, revoke, or refuse to extend the license for a wilful violation of any provision of the Code, rather than Article 9;
- (3) Repealing section 431:3-211, HRS, pertaining to alien reinsurers, in order to avoid conflict with Article 4A of the Code relating to credit for reinsurance; and
- (4) Making a technical correction to section 431:11-104(f), HRS, by referring to "section", rather than "subsection".

The Department of Commerce and Consumer Affairs submitted testimony in strong support of this measure.

Upon further consideration, your Committee has amended this bill by:

- (1) Deleting references in the Code to section 431:3-211, HRS, by:
 - (a) Deleting section 431:3-306(c), HRS,; and
 - (b) Amending sections 431:5:306(a)(1) and 431:20:103, HRS,;
 and
- (2) Making technical, nonsubstantive amendments for purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1899, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1899, HD 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Case, Garcia, Tom and Yoshinaga.

SCRep. 775 Consumer Protection and Commerce on H.B. No. 1890

The purpose of this bill is to repeal requirements that are burdensome, costly, and unnecessary including:

- (1) Providing the publication of a notice of the dental examination in a newspaper of general circulation in the State; and
- (2) Requiring photographs and affidavits of applicants who are graduates of foreign dental schools not accredited by the American Dental Association.

The Board of Dental Examiners submitted testimony in support of this measure.

Your Committee believes that eliminating cumbersome and unnecessary requirements is consistent with ongoing initiatives to streamline government and eliminate waste by the Department of Commerce and Consumer Affairs.

Your Committee has amended this measure by making technical, nonsubstantive amendments for purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1890, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1890, HD 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Cachola, Tom and Kawanakoa.

SCRep. 776 Consumer Protection and Commerce on H.B. No. 1894

The purpose of the bill is to authorize a representative of the branch manager of the Boiler and Elevator Inspection Bureau (Bureau) to sit as a voting member of the Elevator Mechanic Licensing Board (Board) in lieu of the branch manager.

Supportive testimony was received from the Department of Commerce and Consumer Affairs.

Section 448H-3, Hawaii Revised Statutes, mandates that one of the seven members of the Board be the branch manager of the Bureau, a division of the Division of Occupational Safety and Health, Department of Labor and Industrial

Relations. The law makes no provision for Bureau representation at a Board meeting when the branch manager is unable to attend or the position is vacant.

This amendment to the law will permit a representative of the branch manager to function in the branch manager's capacity at Board meetings and to provide expertise on issues related to elevator safety law.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1894 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 Cachola, Tom and Kawanakoa.

SCRep. 777 Consumer Protection and Commerce on H.B. No. 1872

The purpose of this bill is to:

- (1) Correct and clarify Act 261, Session Laws of Hawaii 1996, which established the Hawaii Employers' Mutual Insurance Company (HEMIC); and
- (2) Amend the Hawaii Nonprofit Corporation Act, Chapter 415B, Hawaii Revised Statutes, to permit HEMIC to be reorganized as a nonprofit corporation.

In addition, this bill also:

- (1) Exempts HEMIC from participation in the Education and Training Fund as required under the Insurance Code;
- (2) Permits a separate contingent liability for HEMIC members in its high risk division; and
- (3) Establishes economic parameters with which HEMIC directors must comply.

Testimony in support of the bill was received from the Department of Commerce and Consumer Affairs, the HEMIC Board of Directors, and the Legislative Information Services of Hawaii, Inc.

Your Committee has amended this bill by making technical, nonsubstantive amendments for purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1872, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1872, HD 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Case, Garcia, Tom and Yoshinaga.

SCRep. 778 Consumer Protection and Commerce on H.B. No. 2146

The purpose of this bill is to allow public utilities providing telecommunications services to recover capital costs and operating expenses associated with providing statewide enhanced 911 emergency telephone service through a surcharge or rate case, irrespective of which occurs first.

Supportive testimony on the bill was received from the Department of Commerce and Consumer Affairs; the Public Utilities Commission (PUC); GTE Hawaiian Telephone Inc.; GST Telecom Hawaii; AT&T; and Oceanic Communications.

Current law allows recovery of costs associated with providing enhanced 911 emergency telephone service for the first year through a telephone line surcharge or the next rate case, whichever occurs first. After the first year, the remaining capital costs and any additional capital costs are required to be added to the utility's rate base and recovered along with the associated operating expenses through the utility's rates.

Testimony indicated that this bill would provide the PUC with the discretion to permit the recovery of the capital costs and associated operating expenses through either a telephone line surcharge or the utility's rates, irrespective of which occurs first. In either case, the net impact to consumers would be the same whether the enhanced 911 costs are recovered via surcharge or as an equivalent increase in telephone rates.

In light of the competition that is developing in the local exchange telecommunications market, this flexibility is needed. As telecommunications providers enter the local exchange market, the PUC indicated that it would be inclined to require each telecommunications carrier providing local exchange service to recover the capital costs and operating expenses of providing enhanced 911 service through a telephone line surcharge, rather than through rates. The PUC testified that use of the surcharge would allow the PUC to readily track the costs and expenses incurred in providing this service, whereas the recovery of the capital costs and associated operating expenses through the utility's rates could hamper this review and monitoring.

After carefully considering the merits of the measure and the testimony received, your Committee has amended the bill by:

- (1) Allowing public utilities to recover the costs associated with enhanced 911 service through any of the utility's rate cases, rather than only through the utility's next rate case. This would remove the time constraints as to when these costs can be recovered; and
- (2) Making technical, nonsubstantive revisions for purposes of style, clarity, and consistency.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2146, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2146, HD 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Cachola, Tom and Kawanakoa.

SCRep. 779 Judiciary and Public Safety and Military Affairs on H.B. No. 1539

The purpose of this bill is to require prior Family Court approval before the furlough, parole, or discharge of a minor who is committed to the Hawaii Youth Correctional Facility, when prior approval is specifically required by the Family Court in the minor's commitment order.

The Department of the Prosecuting Attorney of the City and County of Honolulu, and members of the public testified in support of this bill. The Judiciary supported the intent of this measure. The Office of Youth Services commented on this bill.

As affirmed by the records of votes of the members of your Committees on Judiciary and Public Safety and Military Affairs that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 1539 and recommend that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committees except Representatives Cachola, Menor, Saiki, Yoshinaga, Kawanakoa and Pendleton.

SCRep. 780 Judiciary on H.B. No. 2134

The purpose of this bill is to allow the chief attorneys of the counties to determine when their respective boards may hold an emergency meeting.

The Attorney General and the Mayor of the City and County of Honolulu testified in support of the bill. The Board of Water Supply testified in support of the intent of the measure.

Under current law, the Attorney General must review and concur with a board's finding of necessity for an emergency meeting to deal with an unanticipated event, irrespective of whether the board is a state or county board.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2134 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 Menor and Pendleton.

SCRep. 781 Judiciary on H.B. No. 1203

The purpose of this bill is to prohibit the granting of a deferred acceptance of guilty (DAG) or deferred acceptance of no contest (DANC) plea where the defendant is charged with sexual assault in the second or third degree.

The Attorney General, the Hawaii State Commission on the Status of Women, the Department of the Prosecuting Attorney for the City and County of Honolulu, and the Sex Abuse Treatment Center testified in support of the measure. The Office of the Public Defender opposed the bill.

Your Committee finds that sexual assault is a major problem throughout our communities today. Sex offenders have extremely high recidivism rates and as such, tracking and establishing a history of sexual assault is critical to assess the level of danger to the community, as well as identify a perpetrator as a repeat sexual predator.

Your Committee further finds that sexual offenders on a DAG or DANC plea are not convicted and as such are not required to register as a sex offender. Since 1990, forty-two sex offenders have been granted a DAG or DANC. Currently, twenty-seven sex offenders have been released on a DAG or DANC, which constitutes approximately ten percent of the active sex offender caseload of the adult probation division.

While there may be some benefit in allowing the court to enter a DAG or DANC to sexual offenders under certain circumstances, your Committee believes that the public interest in protecting our citizens from sexual predators outweighs the questionable benefits provided by the DAG or DANC plea in these cases.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1203 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 Hiraki, Menor and Pendleton.

SCRep. 782 Judiciary on H.B. No. 2128

The purpose of this bill is to authorize a police officer to issue an order of no contact in situations where the police officer has reasonable grounds to believe there was recent physical abuse or harm inflicted by one person upon a family or household member.

Your Committee received testimony on this bill from the Prosecuting Attorney, City and County of Honolulu, the Hawaii State Commission on the Status of Women, the Honolulu Police Department, the Domestic Violence Clearing House and Legal Hotline, the Child and Family Service, and the Public Defender.

Your Committee finds that the provisions of section 709-906(4)(b), Hawaii Revised Statutes, currently give police the authority to issue a "cooling off" order to the perpetrators of domestic violence. The order requires that the offender leave the residence for twenty-four hours and mandates arrest if the person refuses to comply with the order or returns prior to the expiration of the cooling off period.

This unique provision in a criminal statute has been part of Hawaii law in various forms since 1973 and has had a significant impact in denying domestic violence perpetrators access to their victims. Its success, however, has been limited, in part by the fact the protection provided extends only to the "premises" and not to victims themselves or other locations that might be important to the victim, such as their place of employment. This bill will remedy this problem by extending the temporary protective legal shield to victims, regardless of their location, either in person or by telephone.

Your Committee has amended this bill to:

- (1) Eliminate the prohibition against contact at specific locations in favor of prohibiting contact regardless of location, as was recommended by the Prosecuting Attorney;
- (2) Prohibit the perpetrator from initiating contact so that a violation of the subsection is avoided in the event that a victim has reason to contact the perpetrator; and
- (3) Make technical, nonsubstantive amendments for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2128, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2128, HD 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Hiraki, Menor and Pendleton.

SCRep. 783 Judiciary on H.B. No. 1048

The purpose of this bill is to grant property owners immunity from civil liability incurred when a person is injured on the property owner's property when committing or attempting to commit an offense against property rights pursuant to Chapter 708, Hawaii Revised Statutes.

Your Committee received testimony on this bill from the Hawaii Independent Insurance Agents Association, the Hawaii Association of Realtors, and Consumer Lawyers of Hawaii.

Your Committee finds that as individuals engaging in crimes such as trespassing, property damage, and theft must be held culpable, property owners should not have to assume any responsibility. Victims should not be held liable for injuries suffered by a perpetrator in the course of the commission of property crimes, assuming the property owner acts lawfully.

Your Committee has amended this bill to limit the property owner's immunity in instances where unlawful force is used against the perpetrator. Your Committee has also made technical, nonsubstantive amendments for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1048, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1048, HD 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Hiraki, Menor and Pendleton.

SCRep. 784 Judiciary on H.B. No. 1201

The purpose of this bill is to allow the police, under certain circumstances, to physically arrest a person for driving without a driver's license.

The Honolulu Police Department and the State of Hawaii Organization of Police Officers testified in support of this bill.

Under the current law, when a person is stopped for a traffic violation but is subsequently found to be driving without a valid driver's license, the officer may only issue a citation for the driver's license violation. In situations where a person has no other identification, the officer has no way of knowing the true identity of the individual being stopped. This creates serious problems for law enforcement officers who, under these circumstances, are not able to verify information provided to them or determine whether the person has outstanding warrants for that person's arrest.

Your Committee believes that in the interest of public safety, the physical arrest of a person is justified when a law enforcement officer cannot verify an individual's identity or has reason to believe that the individual is providing false or misleading information regarding the individual's identity.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1201 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 Menor and Pendleton.

SCRep. 785 Judiciary on H.B. No. 1601

The purpose of this bill is to extend the existing prohibition of sexual penetration of a prisoner by a corrections officer to a general prohibition of any arrested or detained person by a public servant with powers of arrest.

Your Committee received testimony on this bill from the Attorney General, the Hawaii State Commission on the Status of Women, the Prosecuting Attorney, City and County of Honolulu, the County of Hawaii Police Department and the Public Defender.

Your Committee finds that presently, a correctional officer who subjects a prisoner to an act of sexual penetration even with the prisoner's consent can be charged with sexual assault in the second degree. This provision reflects a public policy to discourage consensual sexual relations between correctional officers and inmates. The policy is intended to prevent inmates from using sex to extort favors from the correctional officers. But should a police officer commit the same acts with a detainee in custody, the fact that the detainee consented will be a bar to prosecution. Your Committee finds that this is a loophole which should be closed since a law enforcement officer should be held similarly accountable.

Your Committee has amended this bill to clarify that a "public servant with powers of arrest" is more specifically "a law enforcement officer" as defined in section 710-1000(13), Hawaii Revised Statutes. The bill has also been revised to make an exception for a "lawful" search, rather than a "good faith" search to be more consistent with other penal code provisions. Technical, nonsubstantive amendments for purposes of style and clarity have also been made.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1601, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1601, HD 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Hiraki, Menor and Pendleton.

SCRep. 786 Judiciary on H.B. No. 1296

The purpose of this bill is to expand the scope of service of process of garnishment to apply to every place of business of the garnishee throughout the State, not just the circuit or district where garnished.

Testimony in support of the bill was submitted by the Hawaii Collectors Association and a member of the public.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1296 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 Hiraki, Menor and Pendleton.

SCRep. 787 Judiciary on H.B. No. 1510

The purpose of this bill is to allow a petitioner for protective orders in domestic abuse cases to allege only that past acts rather than "recent" past acts of abuse may have occurred.

The Prosecuting Attorney of the City and County of Honolulu, the Hawaii Medical Association, and the Domestic Violence Clearinghouse and Legal Hotline testified in support of this bill. The Judiciary provided comments on the bill.

Your Committee finds that deletion of the term "recent" is intended to correct a significant ambiguity in the current law. The courts have had varied interpretations of this term, resulting in inconsistency in the enforcement of the law.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1510 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 Hiraki, Menor and Pendleton.

SCRep. 788 Judiciary on H.B. No. 1537

The purpose of this bill is to amend the liens laws to allow suits by parties in interest, to authorize injunctions, to allow awards in the form of joint and several judgments and to eliminate hearings on material issues of fact.

Your Committee received supporting testimony on this bill from the Chicago Title Company, the Chairperson of the Board of Land and Natural Resources, the Attorney General, and from practicing attorneys.

Your Committee finds that this bill remedies the growing problem of the filing of spurious documents at the Bureau of Conveyances which have the effect of encumbering property without any basis in fact. This creates a "cloud" on the property's title and affects the ability to obtain financing and title insurance for the property. The Legislature last year passed Act 24, which is now codified as Chapter 507D, Hawaii Revised Statutes. The Legislature, consequently,

recognized the problems that filing spurious documents could pose for various persons, including but not limited to government officials and employees. Last year government officials and employees were the targets of such filings. Unfortunately, both the kinds and targets of spurious filings have widened so that greater protection now is needed.

This bill has been amended by increasing the award to a prevailing party under this chapter to three times any actual damages or \$25,000, whichever is greater. Your Committee has also made technical, nonsubstantive amendments for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1537, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1537, HD 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Hiraki, Menor and Pendleton.

SCRep. 789 Judiciary on H.B. No. 1407

The purpose of this bill is to specify the requirements necessary for the certification of elections results when there is either overage or underage of ballots in an election.

The Office of Elections testified in support of the measure.

Your Committee finds that this bill merely codifies the current practices of the Office of Elections.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1407 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 Menor and Pendleton.

SCRep. 790 Judiciary on H.B. No. 912

The purpose of this bill is to allow service of process to be made by the parties themselves in all small claims matters.

Your Committee received testimony on this bill from the Hawaii Association of Realtors.

Your Committee finds that presently, small claims actions allow service of process by certified mail or through the services of a sheriff. Sometimes, however, the cost involved is out of line with the small size of the claim sought to be litigated, or the defendant refuses to accept certified mail. This bill offers a simple, yet inexpensive, alternative by allowing, with certain conditions, a plaintiff to serve process personally.

Upon further consideration, your Committee has amended this bill by:

- (1) Requiring personal service by a party to be acknowledged by a defendant via the defendant's personal signature, or alternatively, by engaging a witness to appear at a hearing on the matter or sign a notarized affidavit testifying that the witness personally observed service of process to the defendant; and
- (2) Making technical, nonsubstantive changes for purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 912, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 912, HD 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Hiraki, Menor and Pendleton.

SCRep. 791 Finance on H.B. No. 1707

The purpose of this bill is to extend the period in which the Office of Veterans' Services (Office) must:

- (1) Inspect all state war memorials and veterans' cemeteries for repair and maintenance deficiencies; and
- (2) Report these deficiencies to the Adjutant General, the Comptroller, and the Legislature

from every year to every three years.

The Office submitted testimony in support of the bill.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1707 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representative Chang.

SCRep. 792 Finance on H.B. No. 1634

The purpose of this bill is to clarify that the Hawaii Paroling Authority has discretion in the amount of funds, if any, issued to discharged committed persons.

The Hawaii Paroling Authority submitted testimony in support of this measure.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1634, HD 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Representative Chang.

SCRep. 793 Finance on H.B. No. 1613

The purpose of this bill is to appropriate funds to the Department of the Attorney General to complete the development and installation of the automated child support enforcement system known as KEIKI.

Your Committee has received a message from the Governor, dated January 27, 1997, stating that:

- (1) Immediate passage is needed to avoid a \$2,100,000 deficit in the current fiscal year; and
- (2) Without the additional funding, the Department of the Attorney General will be unable to meet its fiscal objectives for the current fiscal year.

The Department of the Attorney General and the Department of Human Services submitted testimony in support of this measure.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1613 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representative Chang.

SCRep. 794 Finance on H.B. No. 1581

The purpose of this bill is to provide emergency funding for:

- (1) Necessary cleanup and repair at the Waianae Agricultural Park and the Waimanalo Irrigation System; and
- (2) Additional operation and maintenance expenses at the Kekaha Agricultural Park Irrigation System.

Your Committee has received a message from the Governor, dated January 27, 1997, requesting:

- (1) The appropriation of additional special and revolving funds to:
 - (a) Facilitate the necessary cleanup and repair work at the Waianae Agricultural Park and the Waimanalo Irrigation System resulting from the November 1996 flooding; and
 - (b) Maintain the Kekaha Agricultural Park irrigation system;

and

- (2) Immediate passage of this bill.

The Department of Agriculture testified in support of the intent of this measure.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1581 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Goodenow, White and Meyer.

SCRep. 795 Finance on H.B. No. 1528

The purpose of this bill is to encourage the remodeling of visitor accommodations by establishing an income tax credit equal to four percent of the renovation costs but not exceeding ten percent of the transient accommodation tax paid by the qualified hotel facility.

The Department of Taxation, the President of the Waikiki Improvement Association, the Managing Director of the Hilton Hawaiian Village, the Castle Group, and an individual submitted testimony in support of this measure. The Hawaii Hotel Association submitted testimony in support of the intent of this measure. The Department of Business, Economic Development and Tourism, the Department of Budget and Finance, and the Tax Foundation of Hawaii submitted comments on the measure.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1528, HD 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Representative Chang.

SCRep. 796 Finance on H.B. No. 1394

The purpose of this bill is to authorize the Director of the Administrative Driver's License Revocation Office to collect a \$15 fee for the cost of processing requests for administrative hearings.

The Judiciary submitted testimony in support of this measure.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1394, HD 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Representative Chang.

SCRep. 797 Finance on H.B. No. 440

The purpose of this bill is to appropriate funds for the coordinated planning and programming of continuing education programs.

The Department of Education and the Democratic Party of Hawaii testified in support of this measure.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 440, HD 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives White and Ward.

SCRep. 798 Finance on H.B. No. 1631

The purpose of this bill is to appropriate funds to the Criminal Injuries Compensation Fund from which payment of awards can be made to compensate persons or their service providers for criminal injuries.

The Department of Public Safety, the Department of the Prosecuting Attorney of the City and County of Honolulu, and the Sex Abuse Treatment Center submitted testimony in support of this measure.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1631, HD 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Representative Chang.

SCRep. 799 Finance on H.B. No. 363

The purpose of this bill is to:

- (1) Require the Board of Land and Natural Resources (Board) to submit an annual report to the Legislature on the uses being made of public lands in the State;
- (2) Require that each annual report evaluate at least ten percent of the parcels of the total public lands, so that each parcel or area of public lands be reported on at least once during a ten-year period; and
- (3) Allow the Legislature, by the adoption of a concurrent resolution, to direct the Board to include particular parcels or areas in the report for the following year.

The Department of Land and Natural Resources submitted comments on this measure.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 363 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representative Chang.

SCRep. 800 Finance on H.B. No. 105

The purpose of this bill is to appropriate funds to:

- (1) Expand prison space by constructing additional dormitories, converting certain existing buildings to dormitories, erecting tent-like structures, and using the Hawaii national guard and inmate work crews to build needed facilities;
- (2) Provide for operational expenses necessitated by the additional facilities;
- (3) Meet the mental health needs of inmates by constructing psychiatric wards in correctional facilities; and
- (4) Improve the safe drinking water standards at Kulani by constructing a new water system.

The Department of the Attorney General, the Department of the Prosecuting Attorney for the City and County of Honolulu, the Waikiki Improvement Association, the Hawaii Business Roundtable, Hilton Hawaiian Village, the Mcnaughton Group, two members of the Community Coalition for Neighborhood Safety, and an individual testified in support of this measure. The Department of Public Safety submitted comments.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 105, HD 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Representative Chang.

SCRep. 801 Finance on H.B. No. 1615

The purpose of this bill is to provide that when a public employee who is hired after June 30, 1997, terminates employment, the amount of compensation to be paid in lieu of vacation allowance shall be calculated at the rate of pay effective on the date of termination.

Under existing law, a terminated employee receives a lump-sum payment for the employee's unused vacation credits. The lump-sum payment is calculated as if the employee were still in service. As a result, the terminated employee's lump-sum vacation payment will include any negotiated pay increases to which the employee would have been entitled had the employee remained in service. In addition, the payment would include compensation for holidays even though the employee is no longer in service.

This bill amends the law by providing that lump-sum vacation payments for terminated employees will be calculated at the rate of pay effective on the date of termination. Your Committee finds that not only will this strike the necessary balance between fairness and economy, but it will greatly simplify the calculation of lump-sum vacation payments.

Testimony in support of this measure was submitted by the Department of Human Resources Development.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1615 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representative Ward.

SCRep. 802 Finance on H.B. No. 1574

The purpose of this bill is to require persons who have class "D" emergency loans through the State's Agricultural Loan Program to seek refinancing when the borrower is able to obtain private financing as is required by all other borrowers.

The Board of Agriculture supported this measure.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1574 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Goodenow, Nakasone, White and Meyer.

SCRep. 803 Finance on H.B. No. 1573

The purpose of this bill is to allow the Department of Agriculture the flexibility of making agricultural loans to farmers on unsurveyed lands by prohibiting these loans only if they are for farm ownership and improvement.

The Board of Agriculture submitted testimony in support of this measure.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1573 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Goodenow, Nakasone, White and Meyer.

SCRep. 804 Finance on H.B. No. 1393

The purpose of this bill is to amend the salaries of state judges.

The Judiciary; the Judicial Salary Commission; the Hawaii State Bar Association; the Hawaii Government Employees Association/AFSCME Local 152; Fujiyama, Duffy & Fujiyama, Attorneys At Law; and nine individuals testified in support of this measure.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1393, HD 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Goodenow, White and Meyer.

SCRep. 805 Finance on H.B. No. 1381

The purpose of this bill is to authorize the Supreme Court to set fees, up to a maximum, for costs relating to filing and appealing Tax Appeal Court small claims.

Your Committee received supportive testimony from the Judiciary. The Tax Foundation of Hawaii submitted comments.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1381, HD 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Goodenow, White and Meyer.

SCRep. 806 Finance on H.B. No. 2151

The purpose of this bill is to preserve the Waikiki War Memorial Natatorium (Natatorium) as a memorial to Hawaii veterans of World War I by:

- (1) Providing for the complete restoration of the Natatorium through private funding; and
- (2) Ensuring the continued operation and maintenance of the Natatorium under the control and management of the City and County of Honolulu.

The Department of Land and Natural Resources, the Office of Veterans' Services, the Historic Hawai'i Foundation, and an individual submitted testimony in support of the measure. The Hawaii Committee of U.S. Water Polo, Inc., submitted comments on this measure.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2151, HD 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Representative Chang.

SCRep. 807 Finance on H.B. No. 2214

The purpose of this bill is to assure the quality of coffee grown in the State by:

- (1) Requiring that all Hawaii-grown green coffee beans be inspected and certified by the Department of Agriculture (DOA) for grade and origin unless otherwise specified by DOA rules;
- (2) Authorizing the DOA to adopt rules to establish a program of self-inspection and certification of agricultural commodities;
- (3) Prohibiting any Hawaii-grown green coffee beans from being shipped outside the area of their geographic origin to any point within or outside the State unless the beans have been inspected and certified by the DOA; and
- (4) Appropriating funds to be paid into the Coffee Inspection Revolving Fund to train new coffee inspectors.

The DOA, the County of Hawaii, and the Kona County Farm Bureau submitted testimony in support of the measure.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2214 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Chang and Ward.

SCRep. 808 Finance on H.B. No. 1930

The purpose of this bill is to provide economic stimulus to aid Kauai in its recovery from Hurricane Iniki by appropriating funds for economic recovery and development programs for the County of Kauai.

The Department of Business, Economic Development, and Tourism submitted testimony in support of the intent of this measure.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1930, HD 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Representative Chang.

SCRep. 809 Finance on H.B. No. 1798

The purpose of this bill is to enhance administrative efficiency by requiring the Board of Trustees of the Employees' Retirement System to release the records of its members to the Hawaii Public Employees Health Fund (Health Fund) for the disbursement of Medicare Part B payments.

The Hawaii State Teachers Association submitted testimony in support of this measure. The Retirees Unit of the HGEA/AFSCME Local 152 supported the intent of this measure. The Health Fund submitted comments.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1798 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representative Ward.

SCRep. 810 Finance on H.B. No. 1739

The purpose of this bill is to preserve and interpret Hawaii's unique and valuable cultural and natural resources found within the State Parks System by:

- (1) Requiring that proceeds collected by the State Parks Program involving the sale of goods be deposited into the Aina Hoomalu Special Fund (Fund);
- (2) Expanding the purposes of the Fund to include the monitoring of resources, determining carrying capacity of resources, and replenishing products;
- (3) Requiring the Department of Land and Natural Resources (DLNR) to submit annual reports on the Fund; and
- (4) Appropriating moneys from the Fund to monitor resources and determine their carrying capacities.

The Department of Land and Natural Resources and the Sierra Club, Hawaii Chapter submitted testimony in support of this measure.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1739, HD 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Representative Chang.

SCRep. 811 Finance on H.B. No. 1729

The purpose of this bill is to authorize the State library system to assess a delinquency fee in addition to overdue fines when those fines are referred to a collection agency.

Testimony in support of the bill was submitted by the State Librarian.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1729 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representative Ward.

SCRep. 812 Finance on H.B. No. 126

The purpose of this bill is to assure continued high standards of water quality in the State's streams and coastal waters by appropriating funds to support water quality programs statewide.

The Sierra Club, Hawai'i Chapter testified in support of this measure. The Department of Health testified in support of the intent of this measure.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 126, HD 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Representative Chang.

SCRep. 813 Finance on H.B. No. 130

The purpose of this bill is to appropriate funds to be paid into the Incentive and Innovation Grant Trust Fund, established to encourage the development of innovative instructional programs, in-service training, and other activities designed to improve student achievement.

The Department of Education testified in support of the intent of this measure.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 130, HD 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives White and Ward.

SCRep. 814 Finance on H.B. No. 827

The purpose of this bill is to add the function of outcome analysis to the responsibilities of the Office of the Legislative Analyst.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 827 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Fox, Marumoto, Meyer and Ward.

SCRep. 815 Finance on H.B. No. 1243

The purpose of this bill is to authorize the Department of Health (DOH) to establish the following permanent exempt positions:

- (1) A toxicologist position to assess human health risk, to be funded from the Environmental Response Revolving Fund; and
- (2) An air quality modeler to assess the impact of air releases, to be funded from the Clean Air Special Fund.

The DOH, the Sierra Club, Hawai'i Chapter, Chevron Products Company, and the Western States Petroleum Association testified in support of this measure. The Department of Budget and Finance commented on this measure.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1243, HD 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Representative Chang.

SCRep. 816 Finance on H.B. No. 1367

The purpose of this bill is to authorize the Natural Energy Laboratory of Hawaii Authority to engage in retail concession activities that will financially support research, development, and commercialization of natural energy resources in Hawaii.

The Natural Energy Laboratory of Hawaii Authority submitted testimony in support of this measure. The Department of Business, Economic Development, and Tourism submitted testimony in support of the intent of this measure.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1367 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representative Chang.

SCRep. 817 Finance on H.B. No. 1663

The purpose of this bill is to support the University of Hawaii intercollegiate athletic programs (programs) by:

- (1) Expanding the types of funds to be deposited into the revolving funds for the programs; and
- (2) Exempting the establishment of ticket prices, fees, facility rental rates, and other charges that generate receipts from rulemaking requirements.

The University of Hawaii testified in support of this measure.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1663 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Fox, Marumoto, Meyer and Ward.

SCRep. 818 Finance on H.B. No. 1711

The purpose of this bill is to assist the Department of Hawaiian Home Lands (DHHL) in expediting the development of its lands for homesteading by authorizing DHHL, with the approval of the Governor, to undertake projects without regard to the Hawaii Public Procurement Code when the bids submitted exceed the amount of available funds.

The Department of Hawaiian Home Lands testified in support of this measure.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1711 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Fox, Marumoto, Meyer and Ward.

SCRep. 819 Finance on H.B. No. 1810

The purpose of this bill is to ensure that all two and one-half percent benefit groups are treated consistently by requiring public safety investigative staff investigators to work the last five years in this capacity to receive the two and one-half percent retirement benefit.

The Employees' Retirement System submitted comments on this measure.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1810 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representative Ward.

SCRep. 820 Finance on H.B. No. 1854

The purpose of this bill is to extend for fiscal years 1997-1998 and 1998-1999 the authority of the Director of Finance to issue reimbursable general obligation bonds for the Hawaii Hurricane Relief Fund in the principal amount of \$200,000,000 for each additional fiscal year.

The Department of Commerce and Consumer Affairs and the Hawaii Hurricane Relief Fund testified in support of this measure.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1854, HD 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Goodenow, White and Meyer.

SCRep. 821 Finance on H.B. No. 1855

The purpose of this bill is to make the Compliance Resolution Fund permanent.

The Department of Commerce and Consumer Affairs testified in support of this measure.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1855, HD 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Goodenow, White and Meyer.

SCRep. 822 Finance on H.B. No. 1900

The purpose of this bill is to:

- (1) Establish fees for certain limited licenses, managing general agent licenses, and reinsurance intermediary licenses;
- (2) Provide fees for services for the Department of Commerce and Consumer Affairs (DCCA) relating to licenses in subparagraph (1);
- (3) Delete the requirement that certain nonresident agents or brokers take and pass an examination to test qualifications and competence; and
- (4) Encourage prompt filing of appointments of general agents, subagents, and solicitors by providing a ten- day filing deadline or a delayed effective date for the appointment if after ten days.

DCCA testified in support of this measure.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1900, HD 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Goodenow, White and Meyer.

SCRep. 823 Finance on H.B. No. 2234

The purpose of this bill is to provide the University of Hawaii with more control over its budget by:

- (1) Providing that neither the Governor nor the Director of Finance is to reduce any budget request or allotment to UH below amounts appropriated by the Legislature, unless the UH requests the reduction; and
- (2) Establishing the final amount calculated in determining general fund budget appropriations for UH as a goal, rather than a requirement, for the Legislature.

The University of Hawaii and the Department of Budget and Finance commented on this measure.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2234, HD 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives White and Ward.

SCRep. 824 Finance on H.B. No. 1688

The purpose of this bill is to provide the King Kamehameha Celebration Commission administrative and clerical support with funds collected from fees, public contributions, and private donations.

The Department of Accounting and General Services submitted testimony in support of this measure.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1688, HD 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Representative Ward.

SCRep. 825 Finance on H.B. No. 2019

The purpose of this bill is to appropriate \$100,000 from the Environmental Management Special Fund for fiscal year 1997-1998 to review, revise, and update the State Integrated Solid Waste Management Plan.

DOH testified in support of this measure.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2019, HD 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Representative Chang.

SCRep. 826 Judiciary on H.B. No. 1833

The purpose of this bill is to clarify that persons with disabilities displaying the proper special license plate, removable windshield placard, or temporary removable windshield placard are entitled to park free of charge only in metered parking spaces.

The Department of Transportation, the Commission on Persons with Disabilities, and a member of the public testified in support of this measure.

Current law provides an exception for payment of metered fees and allows a person with disabilities to park in a metered or unmetered parking space free for two-and-one-half hours. Your Committee finds that the intent of this law was not to provide persons with disabilities with a government stipend but to reduce the physical difficulty that the person may experience when trying to actually feed a parking meter.

Your Committee believes that when a person with disabilities parks in an area that provides for alternate means of payment for parking privileges, such as when an attendant is present or when an advance payment drop box or similar mechanism is provided, the person with disabilities is obligated to pay the parking fee. This bill clarifies the ambiguity in the current law.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1833 and recommends that it pass Third Reading.

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

SCRep. 827 Judiciary on H.B. No. 1756

The purpose of this bill is to ensure that commercial activities at public airports are covered by the penalty provisions of section 261-21, Hawaii Revised Statutes.

The Department of Transportation (DOT) testified in support of this measure.

Your Committee finds that the DOT's ability to impose penalties for violations of administrative rules that regulate commercial activities at public airports was inadvertently deleted when this section of the Hawaii Revised Statutes was last amended. Your Committee believes that DOT needs the ability to enforce its administrative rules in order to properly manage our airports.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1756, HD 1, and recommends that it pass Third Reading.

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

SCRep. 828 Consumer Protection and Commerce on H.B. No. 1575

The purpose of this bill is to authorize the Board of Agriculture (BOA) to:

- (1) Adopt, by rule, specific formulas and criteria for determining minimum prices to be paid to producers of milk and quotas; and
- (2) Establish prices and quotas based on the specific formulas and criteria by order without regard to the notice and hearing requirements of Chapter 91, Hawaii Revised Statutes, provided that an order establishing minimum prices for milk is subject to the Governor's approval.

The Chairperson of the BOA submitted testimony in support of this measure.

Your Committee understands that the factors affecting the cost of production and market conditions of milk in Hawaii change very rapidly. The ability to reflect these changes rapidly is very important to protect the economic well-being of both the dairy producers and milk consumers. Failure to respond to changes in costs or market conditions in a timely manner jeopardizes the ability of dairy producers to continue to provide a reliable supply of fresh milk.

Your Committee believes that the establishment, by rule, of specific formulas and criteria on which to base minimum price and quota determinations and the ability of BOA to establish minimum prices and quotas by order offer the rapid response needed to ensure a more stable milk industry.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1575 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Case, Herkes, Tom, Aiona and Kawanakoa.

SCRep. 829 Consumer Protection and Commerce on H.B. No. 1864

The purpose of this bill is to ensure adequate educational standards for acupuncture practitioners by increasing the current licensing requirements for acupuncturists.

This bill requires, among other things, that effective September 1, 2000, before any applicant is eligible for the examination, the applicant must furnish satisfactory proof to the Board of Acupuncture (Board) that the applicant has:

- (1) Completed a formal acupuncture program; and
- (2) Received a total of not less than 2,175 hours of academic and clinical training.

The Board and the Hawaii Acupuncture Association submitted testimony in support of this measure.

The Legislative Auditor's 1987 sunset report recommended that the Board require applicants for licensure to graduate from an acupuncture school that is accredited or recognized as a candidate for accreditation by an accrediting agency recognized by a government agency. The Legislative Auditor's recommendation could not be supported at the time because the U.S. Department of Education had not recognized, nor was it prepared to recognize, such accrediting bodies.

However, now that the U.S. Department of Education has recognized an accrediting agency that accredits U.S. schools of acupuncture, the Board is in a position to support the Legislative Auditor's recommendation. Currently, to be accredited, U.S. acupuncture schools with an Oriental Medicine Curriculum must have an acupuncture program consisting of 2,175 hours of academic and clinical training. Consistent with the Legislative Auditor's intent to have the Board only recognize accredited schools of acupuncture, this bill adopts the minimum standard of 2,175 hours of training.

The requirements of this bill will be effective September 1, 2000. The delayed implementation will ensure that there is adequate advance notice and provide for a smooth transition.

Your Committee believes that increasing acupuncture licensing requirements allows Hawaii to keep in step with current national standards and maintain parity with the majority of other states.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1864, HD 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Case, Herkes, Tom, Aiona and Kawanakoa.

SCRep. 830 Consumer Protection and Commerce on H.B. No. 1870

The purpose of this bill is to require an employer to maintain an effective safety and health program throughout the entire period of the workers' compensation insurance policy to qualify for a premium discount.

Currently, an insurer is required to provide an employer with at least a five percent workers' compensation insurance premium discount if the employer obtained a certificate from a certified safety and health professional for having an effective safety and health program. However, the current law requires this discount even if an employer discontinues or diminishes a certified safety and health program immediately after obtaining the certificate.

As a result, that employer would essentially have his or her premiums subsidized by other employers. This bill would address this problem by requiring that an employer's safety and health program must be in place for the entire policy period in which the five percent discount is received.

The Department of Commerce and Consumer Affairs strongly supported this bill.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1870 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Case, Herkes, Tom, Aiona and Kawanakoa.

SCRep. 831 Consumer Protection and Commerce on H.B. No. 1085

The purpose of this bill is to increase the gross vehicle weight rating limit for noncommercial motor vehicle driver's licenses from 10,000 to 11,000 pounds to comply with federal law and ensure continued federal funding.

Supportive testimony was received from the Hawaii Transportation Association, the Department of Transportation, and an individual.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1085, HD 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Case, Herkes, Tom, Aiona and Kawanānakoā.

SCRep. 832 Consumer Protection and Commerce and Judiciary on H.B. No. 291

The purpose of the bill is to make it unlawful for any manufacturer or dealer to possess gold and silver merchandise that lacks an identifying trademark or a quality mark or stamp, except for antiques and second-hand jewelry.

Testimony in support of the bill was received from the Department of Commerce and Consumer Affairs, the Honolulu Police Department, Carats & Karats Fine Jewelry, and numerous concerned individuals.

Forfeiture is currently authorized for gold and silver articles that are falsely marked as to their fineness or that falsely bear words or markings that connote qualities that the article does not possess. Your Committees find that dealers who sell gold and silver jewelry without the required markings should be treated similarly.

Your Committees further find that this measure will facilitate enforcement of gold and silver stamping violations as merchandise will be subject to forfeiture based upon the absence of a required trademark, avoiding the difficulties attendant to testing for fineness to prove underkarating. Ensuring proper stamping will permit law enforcement authorities to trace gold and silver merchandise back to the manufacturer, thus preventing further underkarating and also acting as a deterrent to fraudulent practices in the first instance.

This measure will also bring state law regulating the gold and silver stamping of jewelry into conformity with the National Gold and Silver Stamping Act.

Technical, nonsubstantive revisions have been made to the bill for purposes of style, clarity, and consistency.

As affirmed by the records of votes of the members of your Committees on Consumer Protection and Commerce and Judiciary that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 291, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 291, HD 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committees except Representatives Herkes, Hiraki, Jones and Kawanānakoā.

SCRep. 833 Consumer Protection and Commerce and Judiciary on H.B. No. 1858

The purpose of this bill is to hold individual members, managers, and agents of limited liability companies responsible for penal violations of consumer protection laws.

Testimony in support of the bill was received from the Department of Commerce and Consumer Affairs.

Section 480-17, Hawaii Revised Statutes (HRS), presently provides that whenever a corporation commits a penal violation of chapter 480, HRS, that violation is also deemed to be that of the individual officers, directors, or agents of the corporation who authorized, ordered, or committed any of the acts constituting the violation.

This bill amends section 480-17, HRS, by similarly providing that whenever a limited liability company commits a penal violation of the chapter, the violation is also deemed to be that of the individual members, managers, or agents of the limited liability company who authorized, ordered, or committed any of the acts constituting a violation of the chapter.

Your Committees find that since limited liability companies are legal entities primarily created to take advantage of certain tax laws, members of these organizations who cause their companies to violate the law should be held personally culpable for the violations.

As affirmed by the records of votes of the members of your Committees on Consumer Protection and Commerce and Judiciary that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 1858 and recommend that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committees except Representatives Herkes, Hiraki, Jones and Kawanānakoā.

SCRep. 834 Consumer Protection and Commerce and Judiciary on H.B. No. 148

The purpose of the bill is to require that a towing company engaged in towing vehicles from public and private property pursuant to section 290-11, Hawaii Revised Statutes, have its company name conspicuously painted on both sides of the tow truck.

The Hawaii State Towing Association testified in support of the bill. Testimony in support of the intent of the bill was received from the Department of Commerce and Consumer Affairs.

Your Committees find that this measure is necessary to prevent theft of unattended vehicles by opportunistic thieves posing as tow truck operators. If all legitimately operated tow trucks are conspicuously marked, it will be easier to

identify illegal operators so the police can be summoned to take action against them. This requirement will impose a minimal burden on legitimate towing companies since many of them already routinely identify their vehicles.

As affirmed by the records of votes of the members of your Committees on Consumer Protection and Commerce and Judiciary that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 148 and recommend that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committees except Representatives Herkes, Hiraki, Jones and Kawanakoa.

SCRep. 835 Consumer Protection and Commerce and Judiciary on H.B. No. 1861

The purpose of the bill is to establish the Motor Vehicle Lease Disclosure Act (Act). The Act, which applies to retail lease agreements, requires that:

- (1) A motor vehicle lease agreement:
 - (A) Contain clear and conspicuous disclosure of the lease's material terms, conditions, and limitations, including disclosures required by the federal Truth in Lending Act;
 - (B) Make specific disclosures regarding the lessee's total cost, total credits, and net cost; and
 - (C) Provide certain warnings in proximity to the lessee's signature line;
- (2) The lessee be provided with a copy of each document presented to and signed by the lessee during the transaction, and any document referenced or incorporated into the lease agreement;
- (3) A trade-in vehicle used to reduce the lease agreement's total cost be specifically identified in the lease; and
- (4) A lessor found to be in noncompliance with the requirements of the Act be deemed to have engaged in an unfair and deceptive act or practice under section 480-2, Hawaii Revised Statutes.

The Department of Commerce and Consumer Affairs, Office of Consumer Protection, and the Hawaii Automobile Dealers Association testified in support of the bill.

As automobile leasing, with its lower monthly payments, becomes a popular alternative to purchasing a car, it is essential that consumers be provided with the minimum information necessary to evaluate its cost. The federal Consumer Leasing Act already contains some of the requirements established by this bill. However, the federal law does not apply to property totalling more than \$25,000, nor does it require lease rate disclosure. Therefore, the protection afforded to consumers by this bill is necessary to enable consumers to make informed decisions about automobile lease financing.

Upon the recommendation of the Office of Consumer Protection, your Committees have amended the bill by:

- (1) Deleting references to "annual percentage rate", and where appropriate, inserting the correct term, "lease rate";
- (2) Inserting an additional provision as mandated by federal rules that pertains to lease rate and overall financing cost; and
- (3) Making technical, nonsubstantive revisions for the purposes of clarity, consistency, and style.

As affirmed by the records of votes of the members of your Committees on Consumer Protection and Commerce and Judiciary that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 1861, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 1861, HD 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committees except Representatives Herkes, Hiraki, Jones and Kawanakoa.

SCRep. 836 Human Services and Housing on H.B. No. 1725

The purpose of this bill is to allow the Hawaii Housing Authority (HHA) to waive the statutory time limits to provide shelter or program assistance when the HHA deems that major repairs are necessary to make the shelter habitable.

HHA submitted testimony in support of this measure.

Your Committee finds that this bill provides flexibility in the turnaround time allowed for shelter units that may require extensive repair or maintenance work that cannot be easily accommodated in two to seven days. To ensure timely completion of repairs, your Committee believes that a cap should be instituted for this purpose.

Upon further consideration, your Committee has amended this measure by:

- (1) Instituting a two-week maximum cap on the waiver to complete the necessary repairs; and
- (2) Making technical, nonsubstantive amendments for purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Human Services and Housing that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1725, as amended herein, and

recommends that it pass Second Reading in the form attached hereto as H.B. No. 1725, HD 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Kawakami, Lee, Stegmaier and Whalen.

SCRep. 837 Human Services and Housing on H.B. No. 1797

The purpose of this bill is to provide relief to a homeowner who had purchased a home through the Housing Finance and Development Corporation's (HFDC) Hula Mae Mortgage Loan Program by providing a waiver of up to three years from the owner-occupancy requirement if the homeowner needs to transfer the homeowner's property due to unanticipated events.

The HFDC submitted comments on this measure.

Your Committee believes that flexibility is needed due to unanticipated events such as employment, medical, or other factors necessary to provide relief to homeowners. For example, if a borrower must relocate to another island or out of state with very short notice, the homeowner needs a waiver of the owner-occupancy requirement to sell or refinance the homeowner's home. If this is not allowed, it would create undue hardship on the families, as a declared default would cause all payments to be accelerated and the entire loan would be due and payable.

Upon further consideration, your Committee has amended this measure by:

- (1) Clarifying that only borrowers who are in the process of transferring their property due to unanticipated events are eligible for the waiver from the owner-occupancy requirement; and
- (2) Making technical, nonsubstantive amendments for purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Human Services and Housing that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1797, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1797, HD 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Kawakami, Lee and Whalen.

SCRep. 838 Consumer Protection and Commerce on H.B. No. 1891

The purpose of the bill is to amend the renewal date for a contractor license from April 30 to September 30 of an even-numbered year.

The Department of Commerce and Consumer Affairs (DCCA), Contractors License Board, testified in support of this bill.

Current law requires a contractor renewing a license to pay fees and submit a tax clearance or evidence of a payment plan for tax delinquencies by April 30 of an even-numbered year, a date which coincides with deadlines for income tax filing, filing of tax clearances by other licensees, and license renewals for other trades and professions.

Moving the renewal date to September 30 will allow contractors who have requested an extension of the tax filing deadline additional time in which to submit their tax clearances for license renewal. Staggering the license renewal date will also ease the administrative burden for the DCCA and the Department of Taxation during the tax filing and license renewal seasons.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1891 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 Cachola, Tom and Kawananaoka.

SCRep. 839 Consumer Protection and Commerce on H.B. No. 1309

The purposes of the bill are to:

- (1) Permit condominium managing agents (CMAs) and associations of apartment owners (AOAOs) to provide evidence of a fidelity bond when registering with the Real Estate Commission by submitting an insurer's certification statement; and
- (2) Clarify that the requirement of registration with the Real Estate Commission applies to all condominium projects or associations of apartment owners having six or more apartments, including those created under the law that preceded the Condominium Property Regimes Act.

The Department of Commerce and Consumer Affairs and the Real Estate Commission submitted supportive testimony and proposed technical amendments to the bill.

This bill establishes an optional, simplified method for submitting evidence to the Real Estate Commission that a CMA or AOAO is covered by a fidelity bond. Difficulties in obtaining a complete copy of the fidelity bond policy for filing with the Real Estate Commission has resulted in delays in registration for some projects and associations. Allowing CMAs and

AOAOs to file statements from their insurers certifying coverage under a fidelity bond in lieu of providing the actual policy will streamline the registration process without compromising consumer protection.

This measure is also necessary to clarify that all condominium projects and AOAOs with six or more apartments are subject to the Real Estate Commission's registration requirements, including those created between 1961 and 1963 under the Horizontal Property Act, the predecessor to Chapter 514A, Hawaii Revised Statutes. Your Committee finds that the reasons that justify the registration of condominiums and associations created after 1963, e.g., maintaining a public record of projects and associations and identifying parties who may benefit from the Real Estate Commission's education program, also justify the registration of projects and associations created prior to 1963.

Your Committee has incorporated the Real Estate Commission's proposed technical amendments to the bill.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1309, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1309, HD 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Case, Saiki, Tom and Yoshinaga.

SCRep. 840 Consumer Protection and Commerce on H.B. No. 1888

The purpose of this bill is to streamline government oversight of dispensing opticians by:

- (1) Repealing the Board of Dispensing Opticians but maintaining regulation of dispensing opticians by assigning administration of the program to the Director of Commerce and Consumer Affairs; and
- (2) Specifying the qualifications and licensing requirements to engage in the occupation of dispensing optician.

The Department of Commerce and Consumer Affairs submitted testimony in support of this measure. Your Committee received opposing testimony from the Board of Dispensing Opticians.

Your Committee believes that repealing the Board of Dispensing Opticians and assigning administration to the Director of Commerce and Consumer Affairs aids in restructuring government by making it more facilitative rather than regulatory in nature, while at the same time protecting the consumers and the public.

Your Committee has amended this bill by making technical, nonsubstantive amendments for purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1888, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1888, HD 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Cachola, Tom and Kawananakoa.

SCRep. 841 Consumer Protection and Commerce on H.B. No. 780

The purpose of this bill is to:

- (1) Allow an association of apartment owners (AOAO) the option of funding a condominium's estimated replacement reserves using a cash flow plan; and
- (2) Require that an AOAO disclose in its operating budget whether the reserves assessment was calculated using a per cent funded or cash flow plan.

The Hawaii State Bar Association, Condominium Sub-Committee of the Real Property and Financial Services Section, and Armstrong and Associates, Inc., testified in favor of the bill. The Department of Commerce and Consumer Affairs, Real Estate Commission submitted supportive testimony and requested an amendment to the bill.

This bill authorizes AOAOs to use the cash flow plan as an alternative method of funding replacement reserves. The cash flow method takes into account factors such as inflation, interest, cost of living increases on future contributions, and taxes paid on interest, in determining the amounts necessary to fully fund an association's replacement reserves requirement. Testimony was received by your Committee that cash flow analyses are more accurate and may require a smaller contribution to reserves than required under a per cent funded plan.

Your Committee has amended the bill by:

1. Providing that under a cash flow plan, an association shall assess apartment owners to fund up to one hundred percent of the estimated replacement reserves;
2. Establishing that the method used to determine assessments against owners for reserves contributions shall not circumvent the estimated replacement reserves amount as determined by the association's reserve study; and
3. Making technical, nonsubstantive amendments for purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 780, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 780, HD 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Case, Saiki, Tom and Yoshinaga.

SCRep. 842 Consumer Protection and Commerce on H.B. No. 1893

The purpose of this bill is to delete from the Physical Therapy Practice Act, Chapter 461J, Hawaii Revised Statutes (HRS), the provision authorizing the Governor to fill the industry member seats on the Board of Physical Therapy from a list submitted by the Hawaii Chapter of the American Physical Therapy Association (HCAPTA).

The Department of Commerce and Consumer Affairs, Board of Physical Therapy (Board), testified in support of this bill.

In 1992, the Office of the State Auditor issued a report recommending the repeal of section 461J-4(c), HRS, on the grounds that HCAPTA's interests may, at times, conflict with the Board's interests, and HCAPTA's membership does not include all physical therapists in the State.

Further, the Board's testimony stated that there is a misperception among those in the physical therapy profession that only HCAPTA members may serve on the Board. Repealing section 461J-4(c), HRS, would help to correct this misperception and thereby widen the pool of qualified persons who may be interested in serving on the Board. HCAPTA, which represents approximately half of the State's licensed physical therapists, could continue to recommend board appointees.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1893 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 Cachola, Tom and Kawananaoka.

SCRep. 843 Consumer Protection and Commerce on H.B. No. 774

The purpose of the bill is to make clarifying amendments to the Limited Liability Partnership Act regarding the type of claims against which insurance or security must be maintained and the limit on the maximum amount of insurance or security required to be maintained.

Testimony in support of the bill was received from the Department of Commerce and Consumer Affairs, Business Registration Division, the Hawaii Society of Certified Public Accountants, the Accountants Coalition Hawaii Committee, and Ernst and Young, LLP.

Currently, the law requires that every limited liability partnership and foreign limited liability partnership maintain up to a maximum of \$5,000,000, net of outstanding claims, in liability insurance or security to secure claims arising out of acts, errors, or omissions of the partnership.

This bill amends the law to provide that the maximum limit of insurance or security required is \$5,000,000, without regard to any outstanding claims. Additionally, the type of claims covered are those based upon the negligent or wrongful acts or omissions of the partnership. Your Committee finds that without these amendments, limited liability partnerships may have difficulty complying with the law.

Technical amendments have been made to the bill for the purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 774, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 774, HD 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Case, Saiki, Tom and Yoshinaga.

SCRep. 844 Consumer Protection and Commerce on H.B. No. 1859

The purpose of the bill is to authorize the formation of single-member limited liability companies.

Testimony in support of the bill was received from the Department of Commerce and Consumer Affairs, Business Registration Division, the Hawaii State Bar Association, Corporations and Securities Section, and the Hawaii Association of Realtors.

Your Committee finds the passage of this measure will allow individuals to form single-member limited liability companies and thereby allowing small business owners to be treated as separate legal entities for federal income tax purposes.

Your Committee has amended this bill by making technical, nonsubstantive revisions for purposes of clarity, consistency and style.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1859, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1859, HD 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Case, Saiki, Tom and Yoshinaga.

SCRep. 845 Consumer Protection and Commerce on H.B. No. 1867

The purpose of the bill is to:

- (1) Make housekeeping amendments to the Insurance Code to provide for the correct and consistent use of terminology throughout the Code; and
- (2) Establish the Insurance Commissioner's authority to waive the filing of certain documents.

The Department of Commerce and Consumer Affairs, Insurance Division, testified in support of the measure.

An insurance company seeking licensure in the State applies for a certificate of authority, a process called "certification". Therefore, the bill, as received by your Committee, amends section 431:3-203.5, Hawaii Revised Statutes (HRS), by replacing the term "accreditation" with "certification". This section was also amended to establish the Insurance Commissioner's authority to waive the filing of documents required under section 431:3-212, HRS, in order to expedite the certification process.

This bill, as received, also amended section 431:3-301, HRS, by replacing the word "penalty" with the word "fine" to make the terminology used in that section consistent with other penalty provisions in the Insurance Code.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1867 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 Case, Garcia, Tom and Yoshinaga.

SCRep. 846 Economic Development and Business Concerns on H.R. No. 8

The purpose of this resolution is to request the United States Congress to enact legislation requiring out-of-state mail order sellers to collect and submit use taxes on goods delivered in those states that impose them.

Testimony in support of this resolution was submitted by the Department of Taxation and the President of Toolmaster Hawaii, Inc.

Your Committee believes that requesting the United States Congress to require out-of-state mail order sellers to collect and submit use taxes will:

- (1) Restore the competitive balance between out-of-state and Hawaii businesses; and
- (2) Provide the state with additional revenue.

As affirmed by the record of votes of the members of your Committee on Economic Development and Business Concerns that is attached to this report, your Committee concurs with the intent and purpose of H.R. No. 8 and recommends that it be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Cachola.

SCRep. 847 Economic Development and Business Concerns on H.C.R. No. 11

The purpose of this concurrent resolution is to request the United States Congress to enact legislation requiring out-of-state mail order sellers to collect and submit use taxes on goods delivered in those states that impose them.

Testimony in support of this concurrent resolution was submitted by the Department of Taxation and the President of Toolmaster Hawaii, Inc.

Your Committee believes that requesting the United States Congress to require out-of-state mail order sellers to collect and submit use taxes will:

- (1) Restore the competitive balance between out-of-state and Hawaii businesses; and
- (2) Provide the state with additional revenue.

As affirmed by the record of votes of the members of your Committee on Economic Development and Business Concerns that is attached to this report, your Committee concurs with the intent and purpose of H.C.R. No. 11 and recommends that it be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Cachola.

SCRep. 848 Economic Development and Business Concerns on H.C.R. No. 3

The purpose of this concurrent resolution is to request the Director of Business, Economic Development, and Tourism (Director) to conduct a study of activities related to economic development at the University of Hawaii (UH).

Additionally, this study requests:

- (1) UH to cooperate with the Director in conducting the study; and
- (2) The UH President to submit the study to the Legislature prior to the 1998 Regular Session.

Testimony in support of the intent of the concurrent resolution was submitted by the Department of Business, Economic Development, and Tourism. Comments were submitted by the University of Hawaii.

Your Committee believes that the University of Hawaii affects Hawaii's economy in a variety of ways by, among others:

- (1) Providing teaching, research, and community activities in a range of academic areas;
- (2) Attracting research money from outside the State; and
- (3) Training people to work in fields such as medicine, law, and engineering.

As affirmed by the record of votes of the members of your Committee on Economic Development and Business Concerns that is attached to this report, your Committee concurs with the intent and purpose of H.C.R. No. 3 and recommends that it be referred to the Committee on Higher Education.

Signed by all members of the Committee except Representative Cachola.

SCRep. 849 Consumer Protection and Commerce on H.B. No. 1818

The purpose of this bill is to ensure that prescription drugs are properly dispensed to consumers by, among other things:

- (1) Adding definitions for "drug sample", "good manufacturing practices for drugs", "prescription", and "prescription drug";
- (2) Adding the United States Pharmacopoeia Dispensing Information to the definition of "official compendium";
- (3) Broadening the definition of "practitioner" to include persons who, while not certified by the State to prescribe prescription drugs within the scope of their practice, are authorized to do so;
- (4) Prohibiting the sale of expired drug products; and
- (5) Requiring the Department of Health (DOH) to distribute the Hawaii generic drug formulary only to pharmacies since it is essential to pharmacists in their professional practice.

The DOH, the Board of Medical Examiners, the Board of Pharmacy, and Longs Drug Stores testified in support of this bill and offered amendments.

Your Committee has amended this bill by:

- (1) Clarifying that a practitioner refers to an individual who is certified rather than licensed by the State; and
- (2) Making technical, nonsubstantive revisions to correct drafting errors.

Your Committee finds that these amendments to the Hawaii food and drug law will benefit both consumers and the practice of pharmacy.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1818, HD 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1818, HD 2.

Signed by all members of the Committee except Representatives Case, Herkes, Tom and Kawanakoa.

SCRep. 850 Finance on H.B. No. 248

The purpose of this bill is to authorize the University of Hawaii (UH) Board of Regents to issue revenue bonds to repay the outstanding construction loan balance for "for sale" units of the UH Kau'ioakahaloa Iki faculty housing development.

The University of Hawaii testified in support of this measure.

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

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 248, HD 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 248, HD 2.

Signed by all members of the Committee except Representatives White and Ward.

SCRep. 851 Finance on H.B. No. 551

The purpose of this bill is to authorize the Department of Agriculture (DOA) and the Department of Land and Natural Resources (DLNR) to negotiate and enter into fixed, long-term leases of specified state lands with persons who hold revocable permits for agricultural purposes, without having to conduct public auctions.

DLNR submitted comments on this measure.

Your Committee has amended this bill by:

- (1) Requiring the lessee or permittee, as a precondition to securing a lease under the bill, to obtain a loan commitment or other financing from an approved lender to construct substantial improvements on the property; and
- (2) Making technical, nonsubstantive amendments for purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 551, HD 2, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 551, HD 3.

Signed by all members of the Committee except Representative Chang.

SCRep. 852 Finance on H.B. No. 585

The purpose of this bill is to ensure that the Center for Labor Education and Research (Center) will continue to exist by:

- (1) Establishing a core staff of no fewer than five permanent positions in addition to the Center's director;
- (2) Appropriating funds for the operation of the Center and for the development of a labor studies degree program; and
- (3) Appropriating funds for the producer/specialist of the Rice and Roses public television program.

The Labor Education Advisory Council, the Hawaii Government Employees Association, the University of Hawaii Professional Assembly, the Hawaii State Teachers Association, Pacific Resources Partnership, ILWU Local 142, Service Employees International Union Local 556, Hawaii Teamsters Local 996, the American Federation of State, County, and Municipal Employees, and two individuals testified in support of the bill. The University of Hawaii testified in support of the intent of the bill.

Upon further consideration, your Committee has amended the bill:

- (1) Establishing a core of no fewer than four rather than five permanent positions in addition to the director;
- (2) Changing all appropriations to \$1 to facilitate further discussion; and
- (3) Making technical, nonsubstantive amendments for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 585, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 585, HD 1.

Signed by all members of the Committee except Representatives Hamakawa and Meyer.

SCRep. 853 Finance on H.B. No. 737

The purpose of this bill is to support the partnership between the Hamakua Health Center and the Hamakua long-term care facility by appropriating funds for urgent care for the Hamakua area of the Big Island.

The Hawaii State Primary Care Association, several individuals from the Hamakua Health Center, the Hamakua District Development Council, a member of the Hawaii County Council, and a concerned individual supported this bill. The Department of Health supported the intent of this bill.

Your Committee has amended this measure by replacing each of the appropriated amounts with the sum of \$1 to facilitate further discussion.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 737, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 737, HD 1.

Signed by all members of the Committee.

SCRep. 854 Finance on H.B. No. 1188

The purpose of this bill is to appropriate funds for a "Crime Symposium" for government and private organizations involved in crime prevention, crime reduction, or public safety.

The Department of the Attorney General and the Honolulu Police Department submitted testimony in support of the intent of this measure. Two individuals also supported this bill.

Your Committee has amended this bill by making technical, nonsubstantive amendments for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1188, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1188, HD 1.

Signed by all members of the Committee.

SCRep. 855 Finance on H.B. No. 1572

The purpose of this bill is to:

- (1) Repeal the State's program for making loans under the Farmers Home Administration (FmHA) program;
- (2) Clarify that other agencies in the United States Department of Agriculture (USDA) will provide services that were previously provided by the FmHA which no longer exists;
- (3) Repeal the function of the state Department of Agriculture (DOA) of making loans under the FmHA program; and
- (4) Allow DOA to provide funds for a share without the necessity of the farmer being unable to obtain sufficient funds from the FmHA.

The Hawaii Farm Bureau submitted testimony in support of the bill. The Board of Agriculture submitted comments on this measure.

Your Committee has amended this bill by:

- (1) Replacing additional statutory references to FmHA with USDA; and
- (2) Making technical, nonsubstantive amendments for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1572, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1572, HD 1.

Signed by all members of the Committee except Representatives Goodenow, Nakasone, White and Meyer.

SCRep. 856 Finance on H.B. No. 1591

The purpose of this bill is to address the problem of missing and exploited children by:

- (1) Making the Hawaii State Clearinghouse for Missing Children (Clearinghouse) a permanent state governmental program; and
- (2) Appropriating funds to pay the salaries of the coordinator and assistant to the coordinator and general operating costs of the Clearinghouse.

The Department of the Attorney General, the Office of Hawaiian Affairs, the Hawaii State Commission on the Status of Women, the Attorney General for the State of California, the National Center for Missing and Exploited Children, the Department of the Prosecuting Attorney for the City and County of Honolulu, the Consuelo Zobel Alger Foundation, the Hawaii Government Employees Association, the Hawaii Justice Foundation, Le Jardin Academy, 'Go Graphics' Group, Inc., the Police Department of the City and County of Honolulu, Missing Persons Clearinghouse of Texas Department of Public Safety, Domestic Violence Clearinghouse and Legal Hotline; the Alabama Department of Public Safety; the Advisory Board for the Hawaii State Clearinghouse for Missing Children and several individuals submitted testimony in support of this measure.

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

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1591, HD 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1591, HD 2.

Signed by all members of the Committee except Representative Chang.

SCRep. 857 Finance on H.B. No. 1714

The purpose of this bill is to enable the Department of Human Services (DHS) to meet its fiscal obligation to implement an Electronic Benefit Transfer System (EBTS) for food stamp and financial assistance programs by appropriating emergency funds for this purpose.

Your Committee received a letter from the Governor dated January 28, 1997:

- (1) Requesting an increase in general funds of \$1,624,389 and an increase in federal funds of \$812,195 for fiscal year 1996-1997 to provide sufficient funds to pay for vendor production costs and to implement the EBTS for food stamp and financial assistance programs; and
- (2) Requesting immediate passage of this measure.

The DHS submitted testimony in support of this measure.

Your Committee has amended this bill by:

- (1) Inserting the federal fund appropriation of \$812,195 for fiscal year 1996-1997; and
- (2) Making technical, nonsubstantive amendments for purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1714, HD 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1714, HD 2.

Signed by all members of the Committee.

SCRep. 858 Finance on H.B. No. 1716

The purpose of this bill is to establish when the balance of:

- (1) Financial assistance benefits of clients who pass away; and
- (2) Abandoned electronic benefits transfer accounts,

reverts to the State.

The Department of Human Services submitted testimony in support of this measure.

Your Committee has amended this bill by making technical, nonsubstantive amendments for purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1716, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1716, HD 1.

Signed by all members of the Committee.

SCRep. 859 Finance on H.B. No. 1809

The purpose of this bill is to:

- (1) Authorize the use of rate credits or reimbursements from any insurance carrier or self-insured plan, as well as any interest or earning, to stabilize future health benefit plan or long-term care benefit plan rates and for other expenses authorized through legislative appropriation; and
- (2) Require that excess rate credits or reimbursements from any insurance carrier or self-insured plan, or any interest or earning, shall be returned to the appropriate general fund if derived from:
 - (A) A health benefits plan for retirees, surviving spouses of deceased retirees, or employees killed in the performance of their duty; or
 - (B) A health benefits plan for employees based on a portion financed by the State or a county on behalf of the employees.

Testimony in support of this bill was submitted by the Department of Budget and Finance. Comments were submitted by the Hawaii State Teachers Association.

Your Committee has amended this measure by making technical, nonsubstantive amendments to correct drafting errors.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1809, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1809, HD 1.

Signed by all members of the Committee except Representative Ward.

SCRep. 860 Finance on H.B. No. 1812

The purpose of this bill is to protect retirement, health fund, and death benefits for spouses and dependent children of Employees' Retirement System (ERS) members by:

- (1) Requiring that the person appointed by the Family Court as guardian of an incapacitated ERS member, rather than the department heads, file disability retirement applications on behalf of the member;
- (2) Extending survivor health fund benefits to surviving spouses and dependent children of ERS members if the member's death occurred while on authorized leave without pay after ten years of credited service or accidental death;
- (3) Allowing qualified members to be eligible for any active death benefit they may be entitled to, if death occurred while on authorized leave without pay; and
- (4) Providing that in the case of ordinary death, the death benefit for a surviving spouse for eligible members whose death occurred after June 30, 1990, is the amount that would have been payable had the member retired the day prior to death and had elected the allowance under option B of Section 88-283.

The ERS submitted testimony in support of this measure.

Your Committee has amended this bill by making technical, nonsubstantive amendments for purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1812, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1812, HD 1.

Signed by all members of the Committee except Representative Ward.

SCRep. 861 Finance on H.B. No. 1824

The purpose of this bill is to bring the management powers of the Hawaii Health System Corporation (Corporation) into line with industry standards by authorizing the corporation's chief executive officer or designee to appoint hospital administrators, assistant administrators, and medical directors of the Corporation.

The Healthcare Association of Hawaii submitted testimony in support of this measure. The Hawaii Government Employees Association submitted testimony in support of the intent of this measure. The Corporation submitted comments on this measure.

Your Committee has amended this bill by making a technical, nonsubstantive amendment to correct a drafting error.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1824, HD 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1824, HD 2.

Signed by all members of the Committee.

SCRep. 862 Finance on H.B. No. 1852

The purpose of this bill is to:

- (1) Eliminate public hearings for most insurance rate filings, except for workers' compensation rate filings; and
- (2) Allow consumers to obtain negotiated coverages.

State Farm Mutual Automobile Insurance Company and the Department of Commerce and Consumer Affairs submitted testimony in support of this measure.

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

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1852, HD 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1852, HD 2.

Signed by all members of the Committee except Representative Ward.

SCRep. 863 Labor and Public Employment on H.B. No. 1360

The purpose of this bill is to:

- (1) Provide a definition of the term, "labor organization", for purposes of chapter 386, Hawaii Revised Statutes; and
- (2) Authorize an employer to determine workers' compensation benefits through collective bargaining with a labor organization rather than with the appropriate bargaining unit.

Testifying in support of the bill, the Laborers-Employers Cooperation and Education Trust stated that the bill would ensure that only legitimate labor organizations will be able to collectively bargain for workers' compensation benefits.

The Hawaii Operating Engineers Industry Stabilization Fund supported the bill, testifying that it would preclude companies from setting up company unions to negotiate benefits under the pretense of representing the employees of a company when in reality they are really representing the interests of the employer.

ILWU Local 142 testified that it would support the bill only if legitimate, duly constituted unions, acting through appropriate bargaining units, can represent employees in bargaining over workers' compensation benefits.

The Hawaii Construction Industry Association testified in support of the bill, noting that the bill more accurately defines the proper organization to represent workers in any negotiations over workers' compensation benefits.

The Department of Labor and Industrial Relations (DLIR) testified that it did not oppose the bill.

As affirmed by the record of votes of the members of your Committee on Labor and Public Employment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1360 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 Hiraki and Marumoto.

SCRep. 864 Labor and Public Employment on H.B. No. 1623

The purpose of this bill is to require that written notice of the hearing of an appeal of an unemployment compensation claim be mailed by first class, nonregistered, noncertified mail to a claimant's or party's last known address.

The Department of Labor and Industrial Relations (DLIR) testified in support of this measure, stating that the bill's provisions would enable the State to save significantly in postage expenses as it costs the DLIR \$.32 to send the written notice by first class mail; \$2.52 by certified mail; and \$6.27 by registered mail. As the DLIR annually sends approximately 9,200 notices by mail each year, permitting the notices to be sent by regular mail would save the State more than \$20,000 a year compared to sending them by certified mail and more than \$50,000 compared to sending the notices by registered mail.

The DLIR also testified that the costs of sending notices by registered or certified mail is unnecessary since the rights of the claimant and the employer are protected when either party contends that they did not receive the notice. In such rare occurrences, the hearings are routinely rescheduled. As such, this bill provides cost savings to the State, while continuing to protect the rights of both parties.

As affirmed by the record of votes of the members of your Committee on Labor and Public Employment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1623 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 Hiraki and Marumoto.

SCRep. 865 Labor and Public Employment on H.B. No. 1617

The purpose of this bill, as received by your Committee, was to provide:

- (1) That all decisions approving or disapproving employee suggestions for incentive awards are final and deemed a performance of a discretionary function; and
- (2) For an appeal process for disputes as to the proper amount of incentive awards.

Testimony in support of this measure was received from the chairperson of the ACE (A Commitment to Excellence) Committee. The Department of Human Resources Development (DHRD) testified that it would support the bill if the term, "employee innovation award", was substituted for "incentive award". Comments received from the United Public Workers (UPW) indicated that it would agree to the bill with the amendment recommended by the DHRD.

After careful consideration, your Committee has amended the bill by replacing the term "incentive award" with "employee innovation award".

As affirmed by the record of votes of the members of your Committee on Labor and Public Employment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1617, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1617, HD 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Hiraki and Marumoto.

SCRep. 866 Labor and Public Employment on H.B. No. 1624

The purpose of this bill is to authorize qualified private sector inspectors to perform required elevator safety inspections.

Testimony in support of this measure was received from the Department of Labor and Industrial Relations (DLIR). The Hawaii Government Employees Association and a private citizen submitted testimony opposing this bill. Comments received from Outrigger Hotels & Resorts suggested certain amendments be made to the measure to eliminate potential conflicts of interest and ensure inspection service quality.

Your Committee finds that this measure will provide consumers with another option regarding required elevator safety inspections. Permitting qualified private sector elevator inspectors to perform the required inspections will allow consumers to obtain the inspections at a lower cost without compromising public safety or the quality of service.

Your Committee further finds that this bill will permit the DLIR to allocate limited government inspection resources to areas of greater concern for public safety, including:

- (1) Analyzing the causes of accidents and making recommendations to equipment manufacturers, designers, owners, and users on improving safety;
- (2) Reviewing plans for new equipment construction or modification and acceptance testing;
- (3) Conducting the more complex inspections; and
- (4) Education of professionals and the general public.

However, after careful consideration, your Committee has amended this bill to:

- (1) Provide greater specificity to:
 - (A) The qualifications that will be required of private inspectors and private inspection companies before being permitted to perform elevator safety inspections; and
 - (B) The duties and responsibilities of private sector elevator inspectors and companies with regard to conducting safety inspections and reporting the results of their inspections to the owners of the equipment and the DLIR; and
- (2) Eliminate potential conflicts of interest for safety reasons by requiring that:
 - (A) Inspectors not have been employed by a company maintaining or installing elevators and kindred equipment for a minimum of one year prior to conducting any inspections; and
 - (B) Individuals or companies performing inspections to have been in business as independent companies for other than as a contractor installing, repairing, or servicing and responsible for the safe operation of elevators and kindred equipment for a minimum of six years.

As affirmed by the record of votes of the members of your Committee on Labor and Public Employment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1624, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1624, HD 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Hiraki.

SCRep. 867 Labor and Public Employment on H.B. No. 1616

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

- (1) Authorize the Director of Human Resources Development (Director) to conduct demonstration projects to determine whether a specific change in human resource management procedures, methods, policies, or statutes would result in improved human resource management within the State; and
- (2) Amend section 76-29, Hawaii Revised Statutes (HRS), to deem any person who provides false statements or uses or obtains unauthorized or improper assistance in connection with an examination will be ineligible for civil service appointment for a specified period of time as determined by the Director.

The Department of Human Resources Development (DHRD) submitted testimony in favor of this measure. Opposing testimony was received from the United Public Workers.

Your Committee finds that bill will grant DHRD the flexibility to use new approaches to human resource management without mandating the permanent adoption of untested methods on a statewide basis. Moreover, safeguards have been included to ensure the involvement of collective bargaining representatives in cases where there would be a significant impact on existing employees or any modification of collective bargaining agreements.

Your Committee further finds that the proposed amendments to section 76-29, HRS, will clarify the law as to what acts are prohibited in connection with the application or examination for civil service appointments.

Upon further consideration, your Committee has amended this bill to:

- (1) Substitute the term "cheating", in lieu of "used or obtained any unauthorized or improper assistance in connection with an examination"; and
- (2) Make technical, nonsubstantive revisions for purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Labor and Public Employment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1616, as amended herein, and

recommends that it pass Second Reading in the form attached hereto as H.B. No. 1616, HD 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Hiraki and Marumoto.

SCRep. 868 Labor and Public Employment on H.B. No. 1618

The purpose of this bill is to enable the Director of Human Resources Development to use modern methodologies and alternative approaches in revising the employee classification system.

The Department of Human Resources Development (DHRD) testified in support of the bill, emphasizing that this bill will eliminate the unnecessary red tape that binds DHRD to the antiquated classification methodologies developed in the 1930's. However, DHRD suggested deleting section 3 of the bill which would amend section 77-9, Hawaii Revised Statutes (HRS), relating to initial appointments and shortage categories, as it was unnecessary.

The Hawaii Government Employees Association (HGEA) testified in opposition to the bill. According to HGEA, DHRD should first be directed to develop a comprehensive plan and meet with appropriate employee representatives to explain the plan and answer any questions or concerns before any future legislation be submitted to the Legislature for consideration.

The United Public Workers pointed out a potential conflict between the language of the bill and section 89-9(d), HRS, which allows the exclusive bargaining representative to negotiate with the employer on the number of incremental and longevity steps, the amount of wages to be paid in each range and step, and the movement between steps within the salary range.

Your Committee has amended the bill by:

- (1) Deleting Section 3 of the bill;
- (2) Requiring the Director of Human Resources Development to submit a report to the Legislature on efforts to revise the classification system; and
- (3) Making technical, nonsubstantive revisions for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Labor and Public Employment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1618 as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1618, HD 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Hiraki and Marumoto.

SCRep. 869 Transportation on H.B. No. 1395

The purpose of this bill is to ensure the safety of drivers and passengers at railroad crossings by requiring drivers to stop at railroad crossings when a train is approaching and not proceed until after the train has passed.

Current state law permits drivers to proceed at a railroad crossing when, in their judgment, it is safe to do so. However, your Committee finds that a Hawaii driver, lacking experience in such matters, could easily misjudge the speed and distance of an approaching train, attempt to cross a railroad crossing, and be struck by a train.

Testimony in support of this bill was received from the Hawaiian Railway Society, the Lahaina Kaanapali and Pacific Railroad, and an interested citizen. Opposing testimony was submitted by the Department of Transportation.

As affirmed by the record of votes of the members of your Committee on Transportation that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1395 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 Case and Yonamine.

SCRep. 870 Transportation on H.B. No. 37

The purpose of this bill is to establish a county residency requirement for eleven of the thirteen members of each Metropolitan Planning Organization Policy Committee (MPOPC).

Your Committee finds that metropolitan planning organizations were established to act as a forum for prioritizing and programming transportation projects for a specific urbanized area. A residency requirement would serve to ensure that MPOPC members are familiar with the transportation needs, conditions, and problems of the specific area they have responsibility for.

Testimony in favor of this bill was received from the Department of Transportation (DOT), the Oahu Metropolitan Planning Organization, and the Leeward Oahu Transportation Management Association.

Your Committee has amended this bill by:

- (1) Authorizing the Senate President to choose which of the two co-chairs of the Senate committee with primary responsibility for transportation issues shall serve on the MPOPC;

- (2) Providing that the Transportation Committee co-chair appointed by the Senate President need not be a resident of the particular county that the MPOPC has responsibility for;
- (3) Replacing the appointee of the governor and the appointee of the county mayor on the MPOPC with the Director of Transportation and the director of the appropriate county department assigned primary responsibility for transportation planning, respectively; and
- (4) Making technical, nonsubstantive revisions for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Transportation that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 37, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 37, HD 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 871 Transportation on H.B. No. 293

The purpose of this bill is to clarify when vehicles other than school vehicles may be used to transport pupils to and from school, school functions, and school-related activities.

Testimony in favor of this measure was received from the Department of Transportation (DOT), the Department of Education, and a private citizen. Testimony provided by the private citizen included observations of abuse.

Currently, exemptions are granted for the use of nonschool vehicles to transport students when school vehicles are deemed to be unavailable. However, the provisions governing the availability of school vehicles are not clear, thereby raising the possibility for abuse in the contracting of nonschool vehicles for student transportation at a higher cost.

Your Committee finds that the provisions of this bill will clarify the law as to when a school vehicle is considered to be unavailable.

Your Committee has amended this bill by:

- (1) Permitting the DOT to grant exemptions when the use of school vehicles would be impractical due to economic conditions; and
- (2) Making technical, nonsubstantive revisions for purposes of style, clarity, and consistency.

As affirmed by the record of votes of the members of your Committee on Transportation that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 293, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 293, HD 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Case, Nakasone, Yamane and Yonamine.

SCRep. 872 Ocean Recreation and Marine Resources and Hawaiian Affairs on H.B. No. 613

The purpose of this bill is to expand the membership of the Marine and Coastal Zone Management Advisory Group (MACZMAG) to include the chairperson of the Department of Hawaiian Home Lands (DHHL) and the administrator of the Office of Hawaiian Affairs (OHA).

Your Committees find that the legislative report of the nongovernmental members of MACZMAG included a recommendation to expand the membership of MACZMAG to include a representative from DHHL and a representative from OHA.

Testimony in support of this bill was received from DHHL, OHA, the Office of Planning, Department of Business, Economic Development, and Tourism (Office of Planning), the Native Hawaiian Advisory Council, Inc., and the Kawaihae Hawaiian Homeland Homestead Community Association.

The Office of Planning recommended that the director of Public Safety be removed from MACZMAG and that a designee of the directors named as members be allowed to attend. The Ahupua'a Action Alliance testified in support of the bill and suggested that the OHA designee be a representative of the OHA Board of Trustees.

Upon further consideration, your Committees find merit in these recommendations and have amended the bill by:

- (1) Changing the number of members on MACZMAG from twenty to twenty-two in order to reflect the proper number of members;
- (2) Allowing designees of governmental members to serve on MACZMAG;
- (3) Adding the director of the Office of Planning as a MACZMAG member;
- (4) Adding a representative of the OHA Board of Trustees as a MACZMAG member, rather than the administrator of OHA; and

(5) Deleting the director of Public Safety from MACZMAG membership.

As affirmed by the records of votes of the members of your Committees on Ocean Recreation and Marine Resources and Hawaiian Affairs that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 613, HD 1, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 613, HD 2, and be placed on the calendar for Third Reading.

Signed by all members of the Committees except Representatives Morihara, Yoshinaga and Meyer.

SCRep. 873 Finance on H.B. No. 98

The purpose of this bill is to exempt from the state Income Tax Law, capital gains from the sale of real or personal property owned or held within the State for at least five consecutive years.

The Department of Taxation and the Tax Foundation of Hawaii submitted comments on this measure.

Your Committee has amended this measure by specifying that the exemption be limited to the sale of real or tangible personal property. A technical, nonsubstantive amendment was also made to correct a drafting error.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 98, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 98, HD 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 874 Finance on H.B. No. 1644

The purpose of this bill is to clarify the applicability of the general excise tax exemption for scientific contracts with the federal government by providing an exemption for only those activities performed at scientific facilities.

The Department of Taxation supported this measure. The Tax Foundation of Hawaii submitted comments.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1644 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 875 Finance on H.B. No. 1650

The purpose of this bill is to replace the food/excise tax credit with a new income tax credit to provide income tax relief to low-income families.

The Department of Taxation, the Department of Human Services, and the Democratic Party of Hawaii submitted testimony in support of this measure. The Department of Budget and Finance and the Tax Foundation of Hawaii submitted comments on this measure.

As received by your Committee, this measure would allow resident individual income taxpayers, whose modified adjusted gross incomes for the taxable year does not exceed \$22,000, to claim nonrefundable tax credits to be applied against their individual income tax liabilities for the taxable year.

Your Committee has amended this measure by deleting its substance and inserting provisions to rename the food tax credit the excise tax credit. As amended, this bill provides that each resident individual taxpayer, whose adjusted gross income is under \$30,000, may claim an excise tax credit upwards to \$220 depending on the actual adjusted gross income.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1650, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1650, HD 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 876 Finance on H.B. No. 1694

The purpose of this bill is to promote professional services exported from Hawaii to foreign markets by exempting architects, engineers, urban planners, and land use planners from the general excise tax on revenues derived from work conducted on international projects.

The Department of Taxation, the Department of Business, Economic Development, and Tourism, the Consulting Engineers Council of Hawaii, and the American Institute of Architects Hawaii State Council submitted testimony in support of this measure.

The Department of Budget and Finance, the National Federation of Independent Business, and the Tax Foundation of Hawaii submitted comments on this measure.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1694 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 877 Consumer Protection and Commerce on H.B. No. 1876

The purpose of this bill is to eliminate cumbersome and unnecessary procedures by repealing the requirement for notarized signatures on professional and vocational license applications.

Supportive testimony was received from the Department of Commerce and Consumer Affairs (DCCA).

As part of an ongoing initiative to streamline regulation and eliminate unnecessary steps for filing, the Professional and Vocational Licensing Division conducted a review of its programs. Notarized signatures on professional and vocational license applications were identified as cumbersome and unnecessary. A self-certifying statement to the truth and accuracy on applications is reasonably acceptable. Currently, self-certified business registration documents are accepted by the DCCA. Adoption of similar requirements within the DCCA promotes consistency and facilitates the licensing process.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1876 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 Cachola, Tom and Kawananaoia.

SCRep. 878 Consumer Protection and Commerce on H.B. No. 783

The purpose of this bill is to provide rules governing unsigned demand drafts by defining them as negotiable instruments under Articles 3 and 4 of the Uniform Commercial Code (UCC).

Testimony in support of the bill was received from the Hawaii Bankers Association.

Pre-authorized debits or drafts on a customer's account are handled differently for electronic and paper-based systems. Under Federal Regulation E, an electronic debit may be reversed in sixty days if the bank's customer has not actually pre-authorized the charge to his or her account. However, paper pre-authorized debit or draft is subject to the same rules as a check and, if not authorized, will be a loss to the bank after the midnight deadline.

Automated clearinghouse (ACH) originators are taking pre-authorized ACH debits to consumer accounts and converting them to demand drafts. This practice effectively voids consumer dispute rights under Federal Regulation E, and converts the transaction to one governed by the UCC with the customary check reclamation period.

This bill provides that ACH converted transactions such as demand drafts be subject to the sixty day Federal Regulation E consumer dispute right to ensure that the risk of loss lies with the depository financial institution who is in the best position to discourage access to the payments system by fraudulent operators.

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

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 783, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 783, HD 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Garcia, Tom and Yoshinaga.

SCRep. 879 Consumer Protection and Commerce on H.B. No. 1873

The purpose of the bill is to:

- (1) Eliminate certain provisions of chapter 456, Hawaii Revised Statutes, that do not reflect the current practices of the Board of Psychology (Board); and
- (2) Authorize open book examinations in jurisprudence.

Testimony in support of this measure was received from the Department of Commerce and Consumer Affairs (DCCA). The Hawaii Psychological Association submitted comments on this measure.

Your Committee finds that this measure will reduce administrative costs of the licensing program and eliminate the need for applicants to memorize state licensing statutes and rules that are subject to change. Permitting open book examinations in jurisprudence will sufficiently apprise applicants of the current licensing requirements and at the same time, provide them with familiarity as to how to obtain the most recent licensing information.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1873 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 Cachola, Tom and Kawananaoia.

SCRep. 880 Consumer Protection and Commerce on H.B. No. 1892

The purpose of this bill is to clarify the meaning of "public member" as it pertains to individuals serving on professional and vocational licensing boards.

Testimony supporting the bill was received by the Department of Commerce and Consumer Affairs (DCCA).

Every regulatory board placed within the DCCA for administrative purposes is required to have public members, or persons who are not members of the regulated trade or profession. Currently the law does not provide a general definition of "public member". This measure is intended to clarify that a public member is a non-industry member of the board who is not affiliated with, a stockholder in, or an employee of, and does not have a financial interest in, an organization or union related to the trade or profession regulated by the board.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1892 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 Cachola, Tom and Kawananaoka.

SCRep. 881 Consumer Protection and Commerce on H.B. No. 1874

The purpose of this bill is to conserve the staff time and resources of the Department of Commerce and Consumer Affairs (DCCA) by:

- (1) Deleting the pre-licensing inspection requirements of the premises and facilities of motor vehicle dealers or auctions, and pharmacies; and
- (2) Allowing the Motor Vehicle Industry Licensing Board and the Board of Pharmacy to accept written reports in lieu of a physical inspection.

Testimony in support of this bill was received from the DCCA and the Boards of Pharmacy and Motor Vehicle Industry Licensing.

The current inspection requirement with DCCA's Regulated Industries Complaints Office (RICO) imposes an undue hardship on the applicant and the DCCA's resources in relation to the actual benefit derived from this practice. This bill allows the Board of Pharmacy and the Motor Vehicle Industry Licensing Board to accept statements and documents from an applicant which saves RICO staff time and resources. Additionally, an applicant will be able to begin business operations without waiting for the completion of inspection reports.

The Department of Health, on behalf on the Board of Pharmacy, conducts pharmacy and wholesale prescription drug distributor inspections. This inspection is preserved in this bill. Additionally, the Department of Public Safety has inspection search powers relative to controlled substances. Therefore, safeguards are in place regarding the regulation of pharmacy premises.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1874 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 Cachola, Tom and Kawananaoka.

SCRep. 882 Consumer Protection and Commerce on H.B. No. 1882

The purpose of this bill is to enable consultants to provide consumers seeking to lease or purchase motor vehicles with specialized information and expertise by:

- (1) Exempting consultants from licensure;
- (2) Requiring the consumer consultant to register and pay a fee to the Motor Vehicle Industry Licensing Board; and
- (3) Subjecting dealers to disciplinary action for interfering with the intended independence of the consultant.

Testimony in support of the bill was received from the Motor Vehicle Industry Licensing Board. Testimony in opposition was received from the Hawaii Automobile Dealers' Association.

Testimony indicated that individuals who provide consultant services to consumers would be required to be licensed as a dealer under current statutory language. These consultants provide a valuable service to consumers in that they possess specialized knowledge of motor vehicles and are able to advise consumers of the different types of vehicles and features to meet a consumer's needs and desires. The exemption will enable consultants to provide consumers seeking to lease or purchase motor vehicles with information so that consumers may make more informed decisions.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1882 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 Cachola, Tom and Kawananaoka.

SCRep. 883 Consumer Protection and Commerce on H.B. No. 1875

The purpose of this bill is eliminate the requirement to submit evidence or verification of high school education when higher educational degrees are required.

Testimony in support of the bill was received from the Department of Commerce and Consumer Affairs and the Board of Nursing and Dental Examiners.

Dental hygienist, registered nurse, and licensed practical nurse applicants are required to submit evidence or verification of a high school education even though evidence of education beyond graduation from high school is required. The high school requirement does not serve any useful purpose and is superfluous, since the individual must obtain higher degrees such as a dental hygiene degree or at a minimum an associate nursing degree prior to licensure.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1875 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 Cachola, Tom and Kawanakoa.

SCRep. 884 Consumer Protection and Commerce on H.B. No. 787

The purpose of this bill is to place more public funds with Hawaii institutions by including Federal Home Loan Bank (FHLB) letters of credit as eligible collateral to secure State public deposits.

The Department of Budget and Finance, the Hawaii Bankers Association, and the Hawaii League of Savings Institutions testified in support of this bill.

Section 38-3, Hawaii Revised Statutes, lists acceptable securities to protect public funds deposited in depositories selected by the Director of Finance. This bill includes FHLB letters of credit as an acceptable security. The primary mission of the FHLB is to provide liquidity to its membership base. Our local financial institutions are members of the FHLB of Seattle.

Your Committee finds that letters of credit would be a cost-effective alternative to pledging securities. By pledging FHLB letters of credit, local financial institutions can utilize an expanded list of collateral for pledging purposes, thereby providing them with enhanced liquidity. The State has recognized the financial strength of the FHLB by approving FHLB notes and bonds as being acceptable for the short-term investment of State moneys.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 787 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 Case, Saiki, Tom and Yoshinaga.

SCRep. 885 Consumer Protection and Commerce on H.B. No. 1883

The purpose of this bill is to delete the requirement that a licensee's employment as a salesperson with a motor vehicle dealer be the licensee's principal occupation.

Testimony in support of the bill was received from the Motor Vehicle Industry Licensing Board. Testimony in opposition was received from the Hawaii Automobile Dealers' Association.

Current law requires that an applicant for a motor vehicle salesperson's license intend to be principally employed as a motor vehicle salesperson. Your Committee finds that this requirement is unduly restrictive as it appears to regulate the amount of time a person must work in order to engage in this occupation. It also penalizes a person employed in another occupation who may be seeking employment as a motor vehicle salesperson on a "part-time" basis.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1883 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 Cachola, Tom and Kawanakoa.

SCRep. 886 Consumer Protection and Commerce on H.B. No. 1879

The purpose of this bill is to allow a massage therapist with a forfeited license to be relicensed without retraining and re-examination, provided that the person is able to demonstrate current knowledge and skills in the practice of massage therapy.

Testimony in support of the bill was received from the Department of Commerce and Consumer Affairs and the Board of Massage Therapy.

Currently, a license is forfeited if not renewed in a timely manner. After one year of forfeiture, an individual who desires relicensure is required to file a new application, undergo additional training, and pass an examination.

Your Committee believes that requiring individuals who possess knowledge and skills for the practice of massage therapy to be subjected to retraining and re-examination may discourage qualified individuals from applying for relicensure.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1879 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 Cachola, Tom and Kawananakoa.

SCRep. 887 Consumer Protection and Commerce on H.B. No. 1877

The purpose of this bill is to:

- (1) Require the Board of Examiners in Optometry (Board) to accept the scores of the practical examination administered by the National Board of Examiners in Optometry (NBEO) if the examination was passed by an applicant after January 1, 1991, rather than if the examination was passed less than five years prior to the application date; and
- (2) Permit the Board to accept an applicant's passing scores on a NBEO written examination taken prior to December 31, 1986, and on a NBEO practical examination taken prior to January 1, 1991, if the NBEO determines that the examinations are substantially equivalent to the current examinations administered by the NBEO and the applicant holds a current valid license to practice under the laws of another state.

Testimony in support of the bill was received from the Department of Commerce and Consumer Affairs and the Hawaii Medical Association.

The Board adopted the use of the NBEO written examination on December 31, 1986, and the NBEO practical examination on January 1, 1991. However, the NBEO had been administering the examinations prior to the dates the examinations were adopted by the Board.

Your Committee finds that this measure will eliminate the unduly restrictive examination requirements for out-of-state optometrists without sacrificing public safety as the NBEO must determine that the prior examinations be substantially equivalent to its current examinations before an applicant's scores can be accepted by the Board.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1877 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 Cachola, Tom and Kawananakoa.

SCRep. 888 Consumer Protection and Commerce on H.B. No. 1880

The purpose of this bill is to provide less costly and less burdensome requirements for the restoration of an optometrist license by:

- (1) Establishing and assessing a nominal recordkeeping fee for each biennium the license was forfeited; and
- (2) Providing that optometrists satisfy the continuing education requirement for the biennium immediately preceding the application for restoration.

The Department of Commerce and Consumer Affairs and the Board of Examiners in Optometry submitted testimony in support of this bill.

Currently, to restore a forfeited license an optometrist must pay all renewal fees and complete all continuing education requirements for the periods the license was forfeited, in addition to paying a penalty fee. This bill allows a nominal recordkeeping fee to be established and assessed for each biennium the license was forfeited, in lieu of requiring the licensee to pay delinquent renewal fees for the entire forfeiture period.

This bill also provides that optometrists need only satisfy the continuing education requirement for the biennium preceding the application for restoration, rather than for all forfeited periods. The current requirement becomes increasingly onerous over time and may prevent otherwise qualified optometrists from becoming relicensed in Hawaii

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1880 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 Cachola, Tom and Kawananakoa.

SCRep. 889 Consumer Protection and Commerce on H.B. No. 788

The purpose of this bill is to regulate security interests in personal property and fixtures by clarifying that perfecting security interests in deposit accounts is governed by Article 9 of the Uniform Commercial Code (UCC).

Testimony in support of the bill was received from the Hawaii Bankers Association and the Hawaii Committee to Promulgate Uniform Legislation.

During the 1996 Regular Session, the Legislature repealed Article 5 of the UCC and replaced it with an updated version to reflect the use of electronic technology and evolving business standards. The conforming changes unintentionally excluded the transfer of an interest in any depository account from Article 9 of the UCC. Therefore, this bill clarifies that such transactions are governed by Article 9.

As affirmed by the record of vote of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 788 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 Garcia, Tom and Yoshinaga.

SCRep. 890 Consumer Protection and Commerce on H.B. No. 1898

The purpose of the bill is to amend the time period for responding to a notice of hearing pursuant to section 463-4(c), Hawaii Revised Statutes (HRS), to parallel the time period for requesting a contested case hearing pursuant to Chapter 91, HRS.

Section 463-4(c), HRS, establishes administrative hearing procedures for the revocation of a private investigator or guard license. Currently, a licensee against whom disciplinary action is sought, has thirty days from the mailing date of the notice of hearing to file an answer. This bill amends the time period to answer by increasing it from thirty to sixty days. The proposed sixty-day time period parallels the sixty-day time period under Chapter 91 to request an administrative hearing to contest the denial of a license or certificate of registration.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1898 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 Cachola, Tom and Kawanakoa.

SCRep. 891 Consumer Protection and Commerce on H.B. No. 773

The purpose of this bill is to require pest control operators to list their current license numbers in all advertisements on television, radio, newspapers, telephone directories, hand bills, or other media.

The bill provides that upon entry of either a final order of the Pest Control Board or a judgment by a court of competent jurisdiction that a person has advertised without listing the person's license number, the public utility furnishing telephone service to the person shall disconnect the telephone number contained in the advertisement or listing.

Your Committee received testimony in support of this bill from the Hawaii Pest Control Association. Testimony in support of the intent of the bill was received from the Pest Control Board. Testimony from the Department of Commerce and Consumer Affairs (DCCA) reflected the Department's concerns with the broad scope of the enforcement contained in the bill.

Your Committee agrees with the recommendation of the DCCA that this bill be limited in scope to the provisions contained in the contractors law, Chapter 444, Hawaii Revised Statutes, and has amended this bill by:

- (1) Adopting the advertising provision contained in section 444-9.2, Hawaii Revised Statutes, which focuses on unlicensed activity as being subject to telephone disconnection as well as criminal sanctions; and
- (2) Making technical, nonsubstantive revisions for purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 773, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 773, HD 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Cachola, Tom and Kawanakoa.

SCRep. 892 Consumer Protection and Commerce on H.B. No. 786

The purpose of this bill is to update the Uniform Commercial Code (UCC) by, among other things, reflecting the correct references to the recently enacted Article 2A, relating to leases of personal property.

Testimony in support of the bill was received from the Hawaii Committee to Promulgate Uniform Legislation.

This bill makes various housekeeping amendments to the UCC, that include correcting the citations to some of the sections in addition to technical, nonsubstantive revisions such as grammar.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 786 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 Garcia, Tom and Yoshinaga.

SCRep. 893 Consumer Protection and Commerce on H.B. No. 345

The purpose of this bill is to provide consumers with rate relief by allowing insurers to file:

- (1) Lower rates; and
- (2) Rates that restore or partially restore those that were in effect on January 1, 1997,

without the prior approval of the Insurance Commissioner.

A concerned citizen provided supporting testimony. The Department of Commerce and Consumer Affairs submitted testimony in opposition to this measure.

Currently, insurers are required to file any rate change requests with the Insurance Commissioner. The process delays implementation of any rate decreases until the Insurance Division conducts public hearings and formally approves or denies the insurer's request.

This bill will eliminate the administrative requirement to hold public hearings for decreased rates, thus allowing insurers to immediately provide the lowered rates to the business community.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 345 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 Case, Saiki, Tom and Yoshinaga.

SCRep. 894 Consumer Protection and Commerce on H.B. No. 1884

The purposes of the bill are to:

- (1) Clarify that a real estate brokerage's name includes any trade name approved by the Department of Commerce and Consumer Affairs (DCCA);
- (2) Allow a real estate brokerage to continue to operate in the case of the incapacitating disability or death of a real estate licensee whose name is represented in the brokerage's name;
- (3) Clarify that a real estate brokerage's name may include the name of a franchise registered with the business registration division of the DCCA.
- (4) Allow condominium hotel operators (CHO) to submit a statement from the CHO's insurer certifying that the CHO has a fidelity bond in effect; and
- (5) Clarify that CHOs are required to re-register and pay the appropriate re-registration fee.

Testimony in support of the bill was received from the DCCA and the Hawaii Association of Realtors.

Presently, in the event of the disassociation of an individual real estate licensee from the real estate brokerage bearing the licensee's name, the brokerage is required to amend its name or have its license placed on inactive status. This bill will allow a brokerage to continue operating despite the death or incapacitating disability of the individual licensee, provided that written permission from either the individual or the individual's authorized representative is received by the Real Estate Commission (REC).

Additionally, the bill allows the use of a certification statement from an insurer as an optional means of providing evidence of compliance with the fidelity bond requirement by a CHO. In order to register with the REC, CHOs are required to submit evidence of liability coverage under a fidelity bond. This process normally involves filing a copy of the fidelity bond policy with the REC. Since it may take up to two months to obtain a complete copy of the policy, a CHO may meet the bonding requirement, yet not be able to complete the registration process. The proposed amendment to the law will facilitate the registration process without compromising consumer protection.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1884 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 Cachola, Tom and Kawanakoa.

SCRep. 895 Consumer Protection and Commerce and Judiciary on H.B. No. 1862

The purpose of this bill is to balance the interests of consumers and merchants by clarifying the laws relating to the handling of returns for refunds, merchandise credit, and exchange.

Testimony in support of this bill was received from the Department of Commerce and Consumer Affairs, the Retail Merchants of Hawaii, and Liberty House.

The provisions of the refund and exchange law have been a source of disagreement between the Office of Consumer Protection and retail merchants for many years. Retail merchants wanted to charge restocking fees, delivery fees, and other ancillary fees associated with processing a return. Additionally, retail merchants wanted to provide a refund, credit,

or exchange in an amount equal to the current selling price or most recent sale price of the goods, instead of the original purchase price. Retailers wanted to reduce the time period to obtain a refund or exchange from sixty to forty-five days.

This bill seeks to ensure adequate protection of consumers' interests by clarifying the law, so that merchants and consumers may resolve disputes among themselves. Some corollary benefits of this bill will be the reduction in the number of refund and exchange complaints and the efficient resolution of remaining complaints.

Technical, nonsubstantive amendments have been made for purposes of style, clarity, and consistency.

As affirmed by the records of votes of the members of your Committees on Consumer Protection and Commerce and Judiciary that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 1862, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 1862, HD 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committees except Representatives Herkes, Hiraki, Jones and Kawanakoa.

SCRep. 896 Consumer Protection and Commerce and Judiciary on H.B. No. 897

The purpose of this bill is to provide financial relief to condominium owners who are currently required to subsidize the common expenses for those units that are in foreclosure by requiring mortgage holders, court-appointed receivers, or commissioners to pay common expenses to the condominium association while foreclosure proceedings are pending, if the unit is being rented pending the foreclosure.

The Real Estate Commission, the Hawaii Association of Realtors, and the Hawaii Council of Association of Apartment Owners submitted testimony in support of this measure. Your Committees received opposing testimony from Territorial Savings and Loan Association.

As affirmed by the records of votes of the members of your Committees on Consumer Protection and Commerce and Judiciary that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 897 and recommend that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committees except Representatives Hiraki, Pendleton, Thielen and Whalen.

SCRep. 897 Consumer Protection and Commerce and Judiciary on H.B. No. 778

The purpose of this bill is to authorize planned community associations (PCAs) to recover attorneys' fees and costs in collection, foreclosure, and enforcement actions.

The Hawaii Chapter of the Community Associations Institute submitted testimony in support of this measure.

Your Committees find that although condominium associations have had the ability to recover attorneys' fees and costs in the collection of delinquent assessments, PCAs do not have an express statutory authority that relates to costs of collection. Although the governing documents of the majority of PCAs provide for the recovery of collection costs, some delinquent homeowners have argued that without specific statutory authorization, PCAs should not be entitled to recover the full amount of collection costs. If the courts were to agree with those arguments, it would have a tremendous adverse impact on the ability of PCAs to continue to operate.

PCAs are dependent upon their ability to effectively collect assessments and to enforce their governing documents. Any limitation on the PCAs' ability to recover fees and costs in collection matters and enforcement actions would severely impair their ability to provide services as required by their governing documents.

As affirmed by the records of votes of the members of your Committees on Consumer Protection and Commerce and Judiciary that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 778 and recommend that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committees except Representatives Hiraki, Pendleton, Thielen and Whalen.

SCRep. 898 Consumer Protection and Commerce and Judiciary on H.B. No. 2220

The purpose of this bill is to facilitate the collection of delinquent lease rent by requiring that notice of a foreclosure action be sent by registered or certified mail to:

- (1) The lessor under the lease if the mortgaged property is leasehold property; and
- (2) The fee owner of the property covered by the lease if the lease is a sublease.

Your Committees received supportive testimony from Kamehameha Schools Bishop Estate.

As affirmed by the records of votes of the members of your Committees on Consumer Protection and Commerce and Judiciary that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 2220 and recommend that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committees except Representatives Hiraki, Pendleton, Thielen and Whalen.

SCRep. 899 Consumer Protection and Commerce and Judiciary on H.B. No. 65

The purpose of the bill is to discourage the sale and pledge of stolen goods to pawnbrokers by prohibiting pawnbrokers from accepting or buying goods from a person unable to provide:

- (1) A proof of purchase for an item; and
- (2) Verification of identity.

The bill further provides that a person unable to provide verification of identity be required to submit to having the person's photograph taken and retained by the pawnbroker.

The Honolulu Police Department testified in support of the bill. Opposing testimony was received from the Hawaii Pawnbrokers and Second Hand Dealers Association. A member of the pawnbroker industry expressed concerns with the proof of purchase requirement.

The additional requirements established by this bill for pawnbrokers accepting a pledge of goods or purchasing merchandise are designed to discourage the fencing of stolen items. However, your Committees have concerns about the bill as received.

The proof of purchase requirement appears to be overly restrictive as many items may have been received by customers as gifts or inheritances and would, therefore, have no receipt. Receipts for purchased goods are likely to have been lost or discarded by the time the goods are brought in to the pawnshop. Further, without a clearer definition of "proof of purchase", enforcement of this requirement is problematic.

Your Committees also received testimony objecting to the requirement that pawnbrokers take and keep photographs of customers unable to provide verification of identity. The objections were based on concerns related to cost, security, and storage.

Accordingly, and after careful consideration, your Committees have amended the bill by:

- (1) Deleting the requirement that a customer supply proof of purchase for goods pledged or sold;
- (2) Deleting the requirement that a customer submit to having a photograph taken and retained in lieu of providing an identification card, and replacing it with the requirement that the customer submit to having fingerprints taken and retained by the pawnbroker; and
- (3) Making technical, nonsubstantive amendments for purposes of clarity, consistency, and style.

As affirmed by the records of votes of the members of your Committees on Consumer Protection and Commerce and Judiciary that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 65, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 65, HD 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committees except Representatives Herkes, Hiraki, Jones and Kawanakoa.

SCRep. 900 Consumer Protection and Commerce and Judiciary on H.B. No. 2120

The purpose of this bill is to require pawnbrokers and secondhand dealers (dealers) to record information related to a transaction on a computerized form, and to electronically transmit a copy of the form to the police upon request and prior to consummation of the transaction.

Supportive testimony was received from the Office of the Mayor, City and County of Honolulu, the Honolulu Police Department, and members of the industry.

Your Committees find that the current paper-based system used by dealers to report to police items received in a transaction is a slow, labor-intensive process that does not serve its intended purpose of identifying stolen property before it can be resold.

Under the present system, dealers report items they receive on pawn slips which are collected and manually sorted by police. This information is then manually inputted into the police database and compared with stolen property lists. The delay between the initial reporting by the dealer and comparison of information by police enables property to be melted down or resold before it can be identified as stolen.

Your Committees believe that requiring that transaction information be recorded on a computerized form and electronically transmitted would reduce the delay inherent in the current system and enhance the ability of police to identify stolen property in a timely manner.

Upon further consideration, your Committees have amended the bill by:

- (1) Deleting the requirement that the transaction forms be transmitted "prior to payment for the article"; and
- (2) Making technical, nonsubstantive amendments for purposes of clarity, consistency, and style.

As affirmed by the records of votes of the members of your Committees on Consumer Protection and Commerce and Judiciary that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 2120, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 2120, HD 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committees except Representatives Herkes, Hiraki, Jones and Kawanakoa.

SCRep. 901 Consumer Protection and Commerce and Judiciary on H.B. No. 582

The purpose of this bill is to ban the exhibition and promotion of "no rules combat" contests in this State. This measure:

- (1) Defines a "no rules combat" contest;
- (2) Prohibits the participation in, promotion of, and broadcast of live, taped, or via closed circuit television, "no rules combat" contests;
- (3) Establishes a minimum fine of \$1,000 and one hundred hours of community service for violations; and
- (4) Provides that in proceedings before the boxing commission, there is a rebuttable presumption that a violation has occurred.

Testimony in support of the bill was received from the Hawai'i State Commission on the Status of Women, the Hawaii Medical Association, the Hawaii Catholic Conference, and a concerned individual. The Department of Commerce and Consumer Affairs and the Hawaii State Boxing Commission, while in favor of the measure's intent, expressed concern regarding enforcement of the ban.

"No rules combat" contests are competitions in which contestants use a combination of boxing, wrestling, martial arts, and other techniques to knock out their opponents. Participants in these matches may become unconscious, and are at risk of serious and permanent injury or death.

Your Committees find that "no rules combat" contests glorify violence and brutality, desensitize its audiences to the horrors of violence, and promote the concept that violent acts lead to fame and reward. Accordingly, Hawaii should join the states of Kansas, Oklahoma, and South Carolina in banning these competitions from being exhibited, broadcast, or promoted in the State.

Technical, nonsubstantive amendments have been made to the bill for purposes of clarity, consistency, and style.

As affirmed by the records of votes of the members of your Committees on Consumer Protection and Commerce and Judiciary that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 582, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 582, HD 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committees except Representatives Herkes, Hiraki, Jones and Kawanakoa.

SCRep. 902 Energy and Environmental Protection on H.B. No. 127

The purpose of this bill is to require the Office of Environmental Quality Control (OEQC) to publish notices of pollution permit applications, land use district boundary amendment petitions, special permit petitions, special management area permit applications, and various other environmental and land use actions in the periodic OEQC Bulletin.

Testimony in support of this bill was received from OEQC, the Hawaii Audubon Society, Hawaii's Thousand Friends, and the Sierra Club. The Department of Health and the Land Use Commission submitted testimony in support of the intent of the bill and recommended amendments to the bill.

Testimony in opposition to this bill was received from the County of Maui, Planning Department.

Your Committee finds that the public has a right to know about the planning and land use activities proposed by the State. Unfortunately, the sheer number of actions under consideration by the various agencies of the State at any given time makes the task of monitoring these activities on a regular basis extremely difficult.

Your Committee further finds that the OEQC Bulletin is widely distributed throughout the State. Publishing notices of applications and proposed actions in the OEQC Bulletin will provide the public with a convenient reference document to monitor the activities of the State.

After considering the recommendations made to your Committee, this bill has been amended by:

- (1) Restricting the publication requirement to major permit applications and exempting applications for minor actions, general permits, and permits by rule from the publication requirement;
- (2) Requiring the agency to notify OEQC of the receipt of a completed application within thirty days, rather than fifteen days;
- (3) Clarifying that the notice would be required only after a completed application has been filed;
- (4) Requiring agencies to submit to OEQC a notice of receipt of the application, rather than a copy of the entire application; and
- (5) Clarifying that the agency's failure to submit a notice to OEQC will not serve as the sole grounds for stay of the issuance of a pollution permit, special permit, permit or license subject to consistency review, or special management area permit, or the approval of a district boundary amendment application or petition.

As affirmed by the record of votes of the members of your Committee on Energy and Environmental Protection that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 127, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 127, HD 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Hamakawa, Kanoho and Tarnas.

SCRep. 903 Energy and Environmental Protection and Ocean Recreation and Marine Resources on H.B. No. 1696

The purpose of this bill is to:

- (1) Amend the purpose of the Natural Energy Laboratory of Hawaii Authority (NELHA) to include ocean-related research, technology, and industry; and
- (2) Expand NELHA's duties to include supporting ocean research and technology development projects which support national and state interests, use facilities and infrastructure in Hawaii, and foster potential commercial development.

Testimony in support of this bill was received from NELHA and the Department of Business, Economic Development, and Tourism.

No testimony in opposition to this bill was received.

Your Committees believe that the intent of this bill is to clarify and specify NELHA's authority to:

- (1) Administer the National Defense Center of Excellence for Research in Ocean Sciences (CEROS) program, a program entirely funded by the federal government whose mission includes supporting federal Department of Defense research and technology projects; and
- (2) Execute contracts which support national defense interests that may result in commercialization of ocean-related technology in the State.

Upon further consideration, your Committees have amended this bill by making technical, nonsubstantive changes for purposes of clarity and style.

As affirmed by the records of votes of the members of your Committees on Energy and Environmental Protection and Ocean Recreation and Marine Resources that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 1696, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 1696, HD 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committees except Representative Kanoho.

SCRep. 904 Judiciary on H.B. No. 1385

The purpose of this bill is to make various housekeeping amendments to certain statutes relating to motor vehicles.

Among other things, this bill clarifies that:

- (1) Driver's licenses will not be issued to anyone who, while unlicensed, has within two years been convicted of driving "under the influence of alcohol or drugs," rather than driving "while drunk";
- (2) The district courts, rather than district court judges, are to keep the court records relating to traffic violations and to establish procedures to account for such records;
- (3) No case or charge from a traffic law violation is to be stricken, amended, or reduced, except by the court's consent upon a motion, rather than a written motion, by the prosecuting attorney; and
- (4) Sums levied by the court for deposit in the Driver Education and Training Fund are driver education assessments, rather than fines.

The Judiciary submitted testimony in strong support of this measure.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1385 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 Menor and Pendleton.

SCRep. 905 Judiciary on H.B. No. 432

The purpose of this bill, as received, is to require that voters be residents of their districts for 50 days preceding the primary election for which registered.

Your Committee only received testimony from Richard Port, former State Chair, Democratic Party of Hawaii, who suggested that the bill as received may disenfranchise voters who move from one residence to another during the election period.

Your Committee agrees that the bill would have unintended consequences if enacted and has, therefore, amended the bill by gutting the existing provisions and substituting language amending section 12-3(a)(3), Hawaii Revised Statutes.

This language was discussed in your Committee's hearing on H.B. No. 1406 held contemporaneously with this bill. Your Committee finds that this language which provides that a candidate, at the time of filing the nomination paper for the office for which the candidate is running, shall be a resident and registered voter of the district, and shall continue to be a resident of said district throughout the period in which the candidate is running, addresses the purpose of this bill without the unintended consequences of the bill's original language.

Technical, substantive revisions were also made for purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 432, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 432, HD 1, and be placed on the calendar for Third Reading.

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

SCRep. 906 Judiciary on H.B. No. 1473

The purpose of this bill is to provide immunity from liability for private owners, the State, and the counties when rerouting vehicular and pedestrian traffic onto private property because of traffic obstructions in emergencies and traffic accidents.

The Department of Health and the Chief of Police of Kauai County submitted testimony in support of this measure.

Your Committee believes that this bill will assist in facilitating both vehicular and pedestrian traffic in critical emergency situations, and thereby expedite emergency help and services to those persons in need of help.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1473 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 Cachola, Hiraki, Menor, Pendleton and Thielen.

SCRep. 907 Judiciary on H.B. No. 1198

The purpose of this bill is to subject defendants who attempt or commit breaches of a fiduciary obligation or fraud against individuals who are elderly, physically handicapped, or mentally handicapped to extended terms of imprisonment.

The Honolulu Police Department testified in support of the bill.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1198 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 Cachola, Hiraki, Menor and Pendleton.

SCRep. 908 Judiciary on H.B. No. 971

The purpose of this bill is to impose greater penalties for street solicitation of prostitution in Waikiki.

Two members of the public testified in support of the bill. The Honolulu Police Department, the Convention Center Authority, the Hawaii Hotel Association, and the Waikiki Neighborhood Board supported the intent of the bill. The Office of the Public Defender commented on the measure.

Your Committee finds that the level of street solicitation for purposes of prostitution in Waikiki has become intolerable. Visitors and residents alike are repeatedly being accosted for purposes of solicitation.

It is your Committee's understanding that these street solicitors are frequently nonresidents who confine their activity to the streets of Waikiki because the large numbers of tourists on the sidewalks offer money-making opportunity with few disincentives to the prostitutes in terms of personal consequences.

Your Committee finds that these prostitutes would not practice their trade on the streets if they are convinced that the cost to themselves, in terms of confinement, are too high.

Therefore, many of the prostitutes will forego their sojourn to Hawaii, dramatically reducing the number of active streetwalkers.

Your Committee is convinced that the only way to have an immediate effect on the level of street solicitation for purposes of prostitution is to make the "business climate" for this activity as unfriendly as possible.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 971 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 Cachola, Hiraki, Menor and Pendleton.

SCRep. 909 Judiciary on H.B. No. 1400

The purpose of this bill is to improve accessibility to ballots by newly formed political parties.

More specifically, this bill extends the period for which a political party keeps its qualification without having to meet the initial requirements provided that the party continues to field candidates.

The Office of the Elections and the Hawaii Green Party testified in support of the bill.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1400 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 Menor and Pendleton.

SCRep. 910 Water and Land Use on H.B. No. 1365

The purpose of this bill is to clarify the number of votes needed by the Board of Land and Natural Resources (Board) to approve or deny a conservation district use permit application.

This bill provides that the application is denied if:

- (1) The Board takes a timely vote; and
- (2) The application does not obtain the affirmative vote of a majority of the Board's total membership, excluding any members who may be disqualified to vote.

For example, if all six members of the Board were qualified to vote, four votes in favor would be required to approve the application. If one member were disqualified, a 3-2 vote in favor would suffice for approval.

Under existing law, if a majority of the Board does not vote either in favor of or against the permit application, it is uncertain whether the application has been denied, or whether the use becomes approved by operation of law, because it has not been denied by majority vote. Circuit court decisions which follow the latter interpretation have had the result of applicants being able to go forward with construction in the conservation district even though the Board voted 3-1 or 3-2 against the application.

The Department of Land and Natural Resources, Sierra Club, Hawaii Chapter, Hawaii's Thousand Friends, and two attorneys supported this bill. Hawaiian Electric Company, Inc., and its subsidiaries, Hawaii Electric Light Company, Inc., and Maui Electric Company, Ltd., and the Land Use Research Foundation of Hawaii offered comments.

Your Committee has amended the bill to make it clear that the requirement for a majority vote in favor also applies during any extension of the one hundred eighty-day period for decision making in section 183D-6, Hawaii Revised Statutes.

As affirmed by the record of votes of the members of your Committee on Water and Land Use that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1365, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1365, HD 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Morihara and Yoshinaga.

SCRep. 911 Water and Land Use on H.B. No. 1366

The purpose of this bill is to authorize the chairperson of the Board of Land and Natural Resources (Board), when considering conservation district use permit applications, to extend the one hundred eighty-day processing period by an additional one hundred eighty days when a contested case hearing or an environmental impact statement is required.

Under current law, only the applicant can request an extension of the time period by an additional ninety days.

The Department of Land and Natural Resources (DLNR), the City and County of Honolulu's Department of Land Utilization, and an attorney testified in support of this bill. Hawaiian Electric Company, Inc., and its subsidiaries, Hawaii Electric Light Company, Inc., and Maui Electric Company, Ltd., the Land Use Research Foundation of Hawaii, and Sierra Club, Hawaii Chapter, offered comments.

Your Committee has amended this bill by:

- (1) Allowing the chairperson of the Board to extend the one hundred eighty-day period by another one hundred eighty days when prior approval is required in the special management area pursuant to section 205A-29(b), Hawaii Revised Statutes. Under current law, if special management area approval is not obtained before the time period

expires, the DLNR must deny the conservation district use permit application and force the applicant to start over; and

- (2) Removing the phrase "for good cause" to clarify that the chairperson's authority to extend the time period applies only in instances that require:
 - (a) A contested case hearing;
 - (b) An environmental impact statement; or
 - (c) A special management area approval.

As affirmed by the record of votes of the members of your Committee on Water and Land Use that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1366, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1366, HD 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Morihara and Yoshinaga.

SCRep. 912 Water and Land Use on H.B. No. 1673

The purpose of this bill is to authorize the Land Use Commission to take action to revert property back to its former land use classification or change the property to a more appropriate classification if there is no action relating to any condition imposed on a boundary change approval.

Testimony in support of this bill were submitted by the Department of Business, Economic Development, and Tourism, the Land Use Commission, the Land Use Research Foundation of Hawaii, and Hawaii's Thousand Friends.

Your Committee has amended the bill by making technical, nonsubstantive changes for purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Water and Land Use that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1673, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1673, HD 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Takamine, Kanoho and Yoshinaga.

SCRep. 913 Water and Land Use on H.B. No. 1341

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

- (1) Require that uses in rural districts be consistent with the relevant county general and development plans, unless other uses are allowed pursuant to a county special use permit;
- (2) Allow a minimum lot size for any low density residential use in a rural district to be greater than one-half acre where it is specified in a county development plan; and
- (3) Provide that only one dwelling house is allowed on each minimum lot in rural districts, except as provided in section 205-2, Hawaii Revised Statutes.

Testimony in support of this bill was received from Hawaii's Thousand Friends and the Sierra Club. No testimony in opposition to this bill was received.

Your Committee believes that the intent of this bill is to promote orderly growth and consistency with relevant county general and development plans.

Upon further consideration, your Committee has amended this bill to provide that uses in rural districts be consistent with the county general, community, and development plans, in order to ensure that this bill is relevant to all counties.

As affirmed by the record of votes of the members of your Committee on Water and Land Use that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1341, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1341, HD 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Morihara and Yoshinaga.

SCRep. 914 Water and Land Use and Ocean Recreation and Marine Resources on H.B. No. 411

The purpose of this bill is to preserve and protect the public's right to use the beaches and coastal areas by:

- (1) Requiring the removal of any structure on state beach lands which does not have proper written authorization of a governmental agency;
- (2) Placing the responsibility for removing an unauthorized structure on the littoral owner. If the littoral owner fails to remove the structure, the Department of Land and Natural Resources (DLNR) may remove the structure and then assess the costs for the removal which shall create a statutory lien on the property of the littoral owner; and

- (3) Providing procedures for a littoral owner to request a contested case hearing on the matter.

The DLNR, the City and County of Honolulu's Department of Land Utilization (DLU), and the Democratic Party of Hawaii supported this bill. Kamehameha Schools/Bishop Estate offered comments.

According to DLU, there is very little that counties or DLNR can currently do to require the upland property owners to remove these structures when built totally on state lands seaward of the shoreline.

The DLNR pointed out that other coastal states have adopted laws which also hold the abutting private property owner responsible for encroachments built on public beach areas whether or not the abutting property owner was responsible for its illegal placement.

Your Committees have amended this bill by:

- (1) Clarifying that this bill also applies to beach lands subject to the public trust doctrine rather than controlled beach lands;
- (2) Expanding references to the affected owner to include fee owner in addition to littoral owner;
- (3) Providing for the granting of a variance for governmental agencies if the structure provides public benefits that outweigh the harm it causes to the environment; and
- (4) Making technical, nonsubstantive revisions for purposes of style and clarity.

As affirmed by the records of votes of the members of your Committees on Water and Land Use and Ocean Recreation and Marine Resources that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 411, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 411, HD 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committees except Representatives Garcia, Goodenow, Morihara and Yoshinaga.

SCRep. 915 Water and Land Use and Energy and Environmental Protection on H.B. No. 735

The purpose of this bill is to ensure the continued viability of game mammals such as the feral pig by recognizing them for cultural, subsistence, and recreational purposes:

- (1) When consistent with other laws and rules;
- (2) Where continued existence of these mammals do not pose a threat to essential or critical habitats of threatened or endangered species; and
- (3) Where continued taking of these mammals are consistent with sound management practices.

This bill also requires the Department of Land and Natural Resources (DLNR) to adopt rules in a way that respects the cultural traditions of subsistence hunters.

The DLNR testified in support of this bill and offered amendments. Hawaii Citizens' Rights and two members of the Board of Directors of the Wildlife Conservation Association of Hawaii supported this bill. Also offering comments were the Sierra Club Legal Defense Fund, Sierra Club, Hawaii Chapter, and an individual.

Your Committees have amended the requirements that specify the conditions under which game mammals may be recognized by:

- (1) Specifying that the applicable laws include chapters 183 (Forest Reserves, Water Development, Zoning), 183D (Wildlife), 195 (Natural Area Reserves System), and 195D (Conservation of Aquatic Life, Wildlife, and Land Plants); and
- (2) Deleting the requirement that game mammals do not pose a threat to the habitats of threatened or endangered species.

It is the intent of your Committees that this bill does not provide a legal claim for the hunting of game mammals as a native Hawaiian subsistence gathering right.

As affirmed by the records of votes of the members of your Committees on Water and Land Use and Energy and Environmental Protection that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 735, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 735, HD 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committees except Representatives Morihara, Tarnas and Yoshinaga.
(Representative Thielen voted no.)

SCRep. 916 Agriculture and Water and Land Use on H.B. No. 125

The purpose of this bill is to address Article XI, Section 3, of the Constitution of the State of Hawaii, which requires the State to:

- (1) Conserve and protect agricultural lands;
- (2) Promote diversified agriculture;
- (3) Increase agricultural self-sufficiency; and
- (4) Assure the availability of agriculturally suitable lands;

by, among other things:

- (1) Requiring the Land Use Commission (LUC) to establish threshold land evaluation scores based upon the Land Evaluation and Site Assessment Commission's Report;
- (2) Establishing a land evaluation rating system;
- (3) Defining the terms "unique agricultural lands" and "important agricultural lands";
- (4) Establishing a site assessment rating system;
- (5) Requiring a two-thirds vote to approve any reclassification or rezoning of important agricultural lands; and
- (6) Establishing a temporary agricultural production goals committee.

Your Committees received testimony in support of the bill from the Hawaii Farm Bureau. The Department of Agriculture, the Office of Planning, and ILWU Local 142 testified in support of the intent of the bill with some concerns. Testimony was also submitted by LUC, the Land Use Research Foundation of Hawaii, the Big Island Business Council, the Kona-Kohala Chamber of Commerce, and Hawaii's Thousand Friends.

As affirmed by the records of votes of the members of your Committees on Agriculture and Water and Land Use that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 125 and recommend that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committees except Representatives Herkes, Morihara, Takai, White, Yoshinaga and McDermott.

(Representatives Fox and Thielen voted no.)

SCRep. 917 Labor and Public Employment on H.B. No. 1708

The purpose of this bill is to update and clarify the status of noncertificated, part-time temporary casual employees who are employed on an hourly or per diem basis by the Department of Education (DOE) by excluding them from civil service and clarifying that they do not accumulate sick leave pay or paid vacations.

In support of the bill, DOE testified that many new types of part-time temporary employees are now being hired, including those who staff various supplementary programs such as the After-School Program and the After-School Instruction Program, as well as paraprofessional tutors, Temporary Contract Employees, and those hired for summer school and school intersession program offerings.

The programs for which these new types of employees are hired generally address specific student needs outside of the normal school schedule. They operate on tuition-based or subsidized revenues and are designed to provide services at affordable costs.

This bill applies the same terms to these new types of employees that have been applied to other similar types of employees.

As affirmed by the record of votes of the members of your Committee on Labor and Public Employment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1708 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Hiraki, Suzuki and Yamane.

SCRep. 918 Ocean Recreation and Marine Resources on H.B. No. 1698

The purpose of this bill is to:

- (1) Exclude from the definition of "commercial vessel" a vessel engaged in temporary use for film production purposes in accordance with a film permit issued by the Department of Business, Economic Development and Tourism (DBEDT); and
- (2) Specify that the period of temporary use is not to exceed fourteen hours a day, five days a week, excluding weekends, and for a period not to exceed thirty calendar days; provided that DBEDT may make allowances to include weekends for film production purposes due to inclement weather conditions during the weekday period.

Your Committee finds that the film industry is an important part of the Hawaii economy and deserves support from our State government. This measure provides for a means to streamline the permit process to facilitate film production.

Testimony in support of this bill was received from DBEDT, the Department of Land and Natural Resources (DLNR), and several individuals from the film industry.

No testimony in opposition to this bill was received.

Your Committee finds that the existing statute requires DLNR to ensure that these permits do not conflict with the policies, and terms and conditions regarding the activity in the area where the filming is to take place. With regard to Kaneohe Bay, DLNR agreed that they would be responsible for ensuring that any permit under this bill would need to be consistent with the goals, objectives, and management measures in the Kaneohe Bay Master Plan.

As affirmed by the record of votes of the members of your Committee on Ocean Recreation and Marine Resources that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1698, HD 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Goodenow and Yoshinaga.

SCRep. 919 Finance on H.B. No. 129

The purpose of this bill is to establish statutorily the Parent-Community Networking Center program and to clarify its role.

The Office of Hawaiian Affairs, the Junior League of Honolulu, the Coalition for a Drug-Free Hawaii, the Hawaii Community Education Association, the Youth Development Project, and many concerned individuals testified in support of this measure.

The Department of Education and the Hawaii Adult and Community Education Advisory Council testified in support of the intent of this measure. Your Committee received comments from several concerned individuals.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 129, HD 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives White and Ward.

SCRep. 920 Finance on H.B. No. 647

The purpose of this bill is to codify the Public Health Nursing (PHN) program to recognize the roles and functions of the PHN program in the delivery of direct clinical services to the people of the state.

Your Committee received testimony in support of this measure by the Hawaii Nurses' Association, the Hawaii Government Employees Association, the American Lung Association, the Honolulu Community Action Program, the Healthcare Association of Hawaii, and many concerned individuals. The Department of Health submitted comments.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 647 and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 921 Finance on H.B. No. 1115

The purpose of this bill is to provide a systematic means of assessing, monitoring, and evaluating the public school system and to improve student literacy by:

- (1) Establishing a comprehensive Educational Assessment and Accountability System (System); and
- (2) Appropriating funds for the development phase of the System.

The Department of Education submitted testimony in support of this measure.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1115 and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 922 Finance on H.B. No. 1653

The purpose of this bill is to promote fairness and equity among all insurance companies by repealing the one percent insurance premium tax credit for insurance companies that:

- (1) Maintain in Hawaii, books and records required by the Insurance Commissioner;
- (2) Employ personnel in Hawaii who are authorized to represent the insurer in all matters pertaining to examination; and

- (3) Maintain a customer service center in Hawaii.

The Department of Taxation, the Department of the Attorney General, and the Hawaii Domestic Preference Litigation Group submitted testimony in support of this measure. The Department of Budget and Finance, the Tax Foundation of Hawaii, the Coalition for the Hawaii Premium Tax Credit, and the Hawaii Association of Domestic Life Insurers submitted comments on this measure.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1653, HD 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Representative Ward.

SCRep. 923 Finance on H.B. No. 1662

The purpose of this bill is to extend, from June 30, 1997, to June 30, 1999, the deadline for the termination of the existing management authority of the State Aquarium.

The University of Hawaii and the Friends of the Waikiki Aquarium submitted testimony in support of this measure.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1662 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Ito, White and Ward.

SCRep. 924 Finance on H.B. No. 1751

The purpose of this bill is to:

- (1) Provide the Department of Land and Natural Resources (DLNR) with an alternative revenue source by requiring that the following fees, fines, and penalties collected by DLNR be deposited into the Special Land and Development Fund instead of the general fund:
 - (a) Fines imposed to remove or remedy encroachments upon public lands;
 - (b) Fines relating to violations of Chapter 171 (relating to the management and disposition of public lands), Hawaii Revised Statutes;
 - (c) Penalties relating to the administration of the dam safety program;
 - (d) Fees relating to the determination of the shoreline;
 - (e) Fees, fines, and penalties relating to the management of the conservation district lands; and
 - (f) Document fees, fines, and penalties relating to public lands, dam construction fees, shoreline certification fees, and surveying fees; and
- (2) Require the Board and Department of Land and Natural Resources to submit an annual report to the Legislature on the annual expenditures and fund accruing to the Special Land and Development Fund.

The DLNR testified in support of this measure.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1751, HD 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Representative Chang.

SCRep. 925 Finance on H.B. No. 1717

The purpose of this bill is to enable the Department of Human Services' Medical Assistance Program, also known as the Medicaid Program, to address a funding shortfall created by increases in:

- (1) Eligible Medicaid recipients; and
- (2) Health care costs;

by appropriating an additional \$55,402,862 to reimburse health care providers and health plans for fiscal year 1996-1997.

Your Committee received a letter from the Governor dated January 28, 1997:

- (1) Requesting an increase in general funds in the amount of \$55,402,862 to provide the Medicaid Program with sufficient funds to reimburse its health care providers and health plans for fiscal year 1996-1997; and
- (2) Requesting immediate passage of this measure.

The Department of Human Services and the Hawaii Long Term Care Association submitted testimony in support of this measure.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1717 and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 926 Finance on H.B. No. 1830

The purpose of this bill is to ensure that all volunteer emergency medical disaster response personnel are provided with workers' compensation benefits and immunity from liability while engaged in an emergency response to a mass casualty event or disaster situation.

The Department of Health and the Healthcare Association of Hawaii submitted testimony in support of this measure.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1830, HD 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 927 Finance on H.B. No. 1831

The purpose of this bill is to ensure the health and safety requirements of children entering school by:

- (1) Extending the provisional admission to school of children whose required immunizations are incomplete upon proof that appointments for immunization have been made;
- (2) Requiring school administrators rather than the Department of Health to notify a parent or guardian of a child's incomplete immunization requirements and its consequences;
- (3) Authorizing school health aides to administer oral, topical, and other medications for student health and attendance;
- (4) Requiring all screening and diagnostic tests performed for the presence of the antibody to HIV be approved by the U.S. Food and Drug Administration; and
- (5) Deleting the requirement that each Department of Health (DOH) office maintain a complete roster of all exemptions of vaccinations and immunizations.

The DOH submitted testimony in support of this measure. The Department of Education submitted testimony in support of the intent of this measure. The Hawaii Government Employees Association submitted comments on this measure.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1831, HD 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 928 Finance on H.B. No. 1984

The purpose of this bill is to support adolescent substance abuse treatment efforts by appropriating funds to provide treatment to teens who are dependent on drugs, in a family-like setting.

The Honolulu Police Department, the Oahu Filipino Community Council, and Hina Mauka submitted testimony in support of this measure. The Department of Health and the Office of Youth Services submitted testimony in support of the intent of this measure. The Bobby Benson Center and several principals, students, and other individuals submitted comments on this measure.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1984 and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 929 Judiciary on H.B. No. 1718

The purpose of this bill is to facilitate the recovery of monies owed to the Department of Human Services (DHS) in cases where DHS places a lien on a Medicaid recipient's real property.

This bill creates a rebuttable presumption that the recipient cannot reasonably be expected to be discharged from the facility and return home if:

- (1) The recipient or the recipient's representative declares that there is no intent to return home; or

(2) The recipient has been institutionalized for six months or more with no discharge plan.

DHS submitted comments on this measure.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1718 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Herkes, Hiraki, Lee, Menor and Whalen.

SCRep. 930 Judiciary on H.B. No. 460

The purpose of this bill is to extend from three to six years after the term of office of a legislator, employee, or delegate to a constitutional convention that the State Ethics Commission must maintain the financial disclosure statements filed by these individuals.

The State Ethics Commission testified in support of this bill.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 460 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Herkes, Hiraki, Lee, Menor and Whalen.

SCRep. 931 Judiciary on H.B. No. 1012

The purpose of this bill is to allow the superintendent's authorized representative to approve the suspension of a student who was found to be in possession of a dangerous weapon, switchblade knife, intoxicating liquor, or illicit drugs while attending school. In addition, the bill allows, rather than requires, a suspended child to be referred for intervention and treatment services, wherever appropriate.

The Hawaii State Teachers Association submitted testimony in support of the intent of the bill. An individual submitted comments on the bill.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1012 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Herkes, Hiraki, Lee, Menor and Whalen.

SCRep. 932 Judiciary on H.B. No. 1247

The purpose of this bill is to increase the penalties for violations of water pollution and hazardous waste laws by, among other things, increasing the maximum fine for certain violations from \$10,000 to \$25,000.

The Sierra Club, Hawaii Chapter, testified in support of the bill. The Department of Health submitted testimony in support of the intent of the bill. Western States Petroleum Association submitted comments on the bill.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1247 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Herkes, Hiraki, Lee, Menor and Whalen.

SCRep. 933 Judiciary on H.B. No. 1965

The purpose of this bill is to prevent non-native aquatic life from becoming established in the State's aquatic environment by, among other things, authorizing the Department of Land and Natural Resources (DLNR) to inspect all incoming vessels prior to the vessel entering state marine waters, if it appears that non-native aquatic life may be introduced into state marine waters from the holds or hull of the vessel.

The DLNR submitted comments on this measure.

Your Committee believes that this bill would assist in efforts to prevent alien aquatic life from entering the State and thereby posing a serious threat to human health and to our marine environment.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1965, HD 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Herkes, Hiraki, Lee, Menor and Whalen.

SCRep. 934 Water and Land Use on H.B. No. 2244

The purpose of this bill is to include composting and similar activities that produce products, such as soil amendments that are used for agricultural products, under agricultural districts.

The Department of Health, the Chief Planning Officer of the City and County of Honolulu, the Acting Director of Land Utilization of the City and County of Honolulu, the Planning Department of the County of Hawaii, the Hawaii Farm Bureau Federation, six private individuals, and two private companies, submitted testimony in support of this bill. The

Department of Agriculture and Hawaii's Thousand Friends submitted testimony supporting the intent of this bill. One private individual submitted testimony in opposition to this bill.

Your Committee believes that composting is a viable alternative to traditional waste management and serves as a means to improve the quality of Hawaii's soils. Accordingly, your Committee finds that composting is an appropriate activity for agricultural lands, because it is similar to other organic waste management activities conducted by the agricultural community and that it produces a valuable soil amendment with particular applicability to the agricultural industry.

As affirmed by the record of votes of the members of your Committee on Water and Land Use that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2244 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Morihara and Yoshinaga.
(Representatives Meyer and Thielen voted no.)

SCRep. 935 Finance on H.B. No. 1719

The purpose of this bill is to enable the State to meet its fiscal 1996-1997 obligations of:

- (1) Providing benefits for blind vendors; and
- (2) Paying clients of the blind shop wages commensurate with the requirements of the United States Department of Labor.

Your Committee received a letter from the Governor dated January 28, 1997:

- (1) Requesting out of the Randolph-Sheppard Revolving Account the sum of \$54,000 and out of the Blind Shop Revolving and Handicraft Fund the sum of \$38,690 to provide sufficient funds to run the Blind Vendor Program and operate the Ho'opono workshop for fiscal year 1996-1997; and
- (2) Requesting immediate passage of this measure.

The Department of Human Services and the Commission on Persons with Disabilities submitted testimony in support of this measure.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1719 and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 936 Finance on H.B. No. 145

The purpose of this bill is to build a financial reserve to be used when there is an emergency or economic downturn through the establishment of a "rainy day fund" to be known as the Emergency and Budget Stabilization Fund.

The Department of Budget and Finance and the Tax Foundation of Hawaii submitted comments on this measure.

Your Committee has amended this bill by making technical, nonsubstantive amendments for the purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 145, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 145, HD 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Ward.

SCRep. 937 Finance on H.B. No. 472

The purpose of this bill is to authorize the issuance of general obligation bonds and to declare findings that address a constitutional requirement regarding the issuance of general obligation bonds.

Article VIII, section 18, of the Constitution of the State of Hawaii, requires the legislature to include a declaration of findings in every law authorizing the issuance of general obligation bonds that the debt limit will not be exceeded by legislatively authorized general obligation bond issuances.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 472 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 938 Finance on H.B. No. 1691

The purpose of this bill is to improve the efficiency of the state payroll.

The Department of Accounting and General Services, the Department of the Attorney General, the Hawaii Business Roundtable, Budget Rent-A-Car Systems, Inc., and City Mill Company, Ltd., submitted testimony in support of the bill. The Department of Education submitted testimony supporting the intent of the bill. The Department of Budget and Finance, the Hawaii State Teachers Association and the United Public Workers, AFSCME, Local 646 submitted comments on the bill.

Currently, state payroll checks are prepared prior to the end of the work period so that they can be delivered to the employees on the last day of the pay period. This can cause incongruities. For example, if an employee signs out for leave at the end of a pay period and is paid, but did not actually have the leave to take, the state must then collect the overpayment. Most private companies pay on an after-the-fact basis to avoid these problems.

In addition to making the state payroll more manageable, the after-the-fact payroll system will only mean a five-day delay for state employees but will result in a savings to the State of \$51.5 million for this fiscal year.

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

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1691, HD 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1691, HD 2, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Hamakawa and Meyer.

SCRep. 939 Finance on H.B. No. 1692

The purpose of this bill is to amend the tax clearance requirements that a contractor must fulfill prior to obtaining a contract with a state or county agency, by:

- (1) Stipulating that unless the Director of Taxation (Director) determines that a waiver of the Internal Revenue Service (IRS) tax clearance requirement is in the best interest of the State and waives this requirement, then a contractor must obtain a tax clearance from the Director and the IRS that all tax returns have been filed and all taxes, interest, and penalties have been paid by the contractor, before a state or county contract or agreement or one that is binding can be obtained by the contractor;
- (2) Specifying that if a lien is imposed against a contractor for a tax debt on a contract that is exempt from the Hawaii Public Procurement Code (Code) and in which the state or a county has agreed to pay the contractor for goods, services, or construction, then the contractor's debt is to be offset against the payment due to the contractor until the debt is paid in full
- (3) Changing the small purchases exemption from the provisions of the new section by raising the threshold from less than \$10,000 to less than \$25,000; and
- (4) Exempting various additional types of contracts or agreements from the provisions of the new section in this bill.

The Department of Taxation and the Department of Accounting and General Services submitted testimony in support of the intent of this measure. The IRS and the Tax Foundation of Hawaii submitted comments on this measure.

Your Committee has amended this bill by:

- (1) Placing its provisions in section 103-53, Hawaii Revised Statutes (HRS), instead of in a new section;
- (2) Authorizing the Director to waive the IRS tax clearance requirement if it is determined that it is in the best interest of the State, rather than making this provision a stipulation before a contractor can obtain a state or county contract;
- (3) Deleting the provision that if a lien is imposed against a contractor for a tax debt on a contract that is exempt from the Code and in which the state or a county has agreed to pay the contractor for goods, services, or construction, then the contractor's debt is to be offset against the payment due to the contractor until the debt is paid in full;
- (4) Exempting the Code from the provisions of section 103-53, HRS; and
- (5) Making technical, nonsubstantive amendments for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1692, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1692, HD 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 940 Finance on H.B. No. 1689

The purpose of this bill is to improve the process for disbursing funds for health and human services by providing for a single source of public procurement policy that will promote greater fairness, efficiency, effectiveness, and accountability.

Specifically, this bill:

- (1) Repeals Chapter 42D, Hawaii Revised Statutes (HRS), (Grants, Subsidies, and Purchases of Service);
- (2) Repeals Chapter 103, HRS (Expenditure of Public Money and Public Contracts);
- (3) Creates two new chapter in the HRS:
 - (A) Purchases of Health and Human Services; and
 - (B) Grants and Subsidies; and
- (4) Appropriates funds to pay the operating expenses of the State Procurement Office to implement these changes.

The State Procurement Office, the Department of Human Services, the Office of Youth Services, the Hemophilia Foundation of Hawaii, the Alliance for Health and Human Services, and the Purchase of Services Advisory Council testified in support of this measure.

Your Committee has amended this bill based on recommendations by the State Procurement Office as follows:

- (1) Deleting the definitions of "grants" and "subsidies" from the new chapter on Purchases of Health and Human Services;
- (2) Amending the definition of "health and human services" to mean services intended to maintain or improve health or social well-being;
- (3) Expanding the duties of the Chief Procurement Officer to provide a statewide orientation and training program for all parties on all matters relating to carrying out the purposes of the chapter;
- (4) Limiting the basis for reconsideration of the head of a purchasing agency's decision on a protest to noncompliance with statute or rule;
- (5) Requiring each recipient or provider of services to indemnify and hold the State harmless; and
- (6) Making technical, nonsubstantive amendments for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1689, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1689, HD 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 941 Finance on H.B. No. 1686

The purpose of this bill is to make the state procurement system more efficient by, among other things:

- (1) Allowing the Director of Taxation to waive the federal tax clearance requirements in certain cases to expedite the procurement process;
- (2) Clarifying that the procurement preference is to be applied during the bid or proposal process, and not to small purchases that would delay procurement action because of the qualification process;
- (3) Providing for the in-state preference on public works projects currently found in section 103-45.5, Hawaii Revised Statutes (HRS);
- (4) Changing the name of the "policy office" to the "policy board" to eliminate the confusion that currently exists because section 103D-204, HRS, provides for a procurement office;
- (5) Changing the designation of Chief Procurement Officers for the Office of Hawaiian Affairs, the University of Hawaii, and the Department of Education;
- (6) Excluding the public library system from University of Hawaii's procurement system;
- (7) Establishing the Office of the Administrator to be placed in the Department of Accounting and General Services;
- (8) Increasing the small purchase threshold for goods and services from under \$10,000 to under \$25,000;
- (9) Changing the "policy council" to the "policy board" for consistency;
- (10) Allowing a claimant to file a claim against a payment bond within two months from final settlement and not completion of the contract; and
- (11) Making various housekeeping amendments.

The State Procurement Office, the State Attorney General, the Board of Education, the State Librarian, and the National Association Credit Management-Hawaii, Inc. testified in support of this measure. The Hawaii Operating Engineers Industry Stabilization Fund and the Hawaii Surety Association submitted comments.

Your Committee amended this measure to:

- (1) Require all state and county procurement officers or agents to withhold final payment of a contract until the receipt of tax clearances from the Director of Taxation and the Internal Revenue Service;
- (2) Allow a preference if a bidder has:
 - (A) Filed state tax returns for two successive years before submitting a bid that is \$5,000,000 or less; and
 - (B) Filed state tax returns for four successive years before submitting a bid that is more than \$5,000,000;
- (3) Change the Chief Procurement Officer for the Office of Hawaiian Affairs from the Administrator to the Chairperson of the Board;
- (4) Delete the provision changing the Chief Procurement Officers of the University of Hawaii and the Department of Education;
- (5) Delete the provision regarding the payment of bonds for subcontractors because this matter has already been addressed by your Committee in H.B. No. 1287, HD 1, which has already been transmitted to the Senate; and
- (6) Make technical, nonsubstantive amendments for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1686, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1686, HD 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.
(Representative Ward voted no.)

SCRep. 942 Finance on H.B. No. 1639

The purpose of this bill is to conform Hawaii's Income Tax Law to recent changes made to the federal Internal Revenue Code.

Supportive testimony was submitted by the Department of Taxation and the Hawaii Bankers Association. The Tax Foundation of Hawaii submitted comments on this measure.

Your Committee has amended this bill by:

- (1) Expanding the "timely mailed treated as timely filing and paying" rule to include the delivery of a tax return by a private delivery service;
- (2) Allowing the election of filing a joint tax return without full payment of the tax liability after a separate tax return was previously filed;
- (3) Deleting the provision that makes Section 529 of the Internal Revenue Code (with respect to qualified prepaid state tuition programs) inoperative; and
- (4) Making technical, nonsubstantive amendments for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1639, HD 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1639, HD 2, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 943 Finance on H.B. No. 1031

The purpose of this bill is to implement the recommendations of the Report of the 1995-1997 Tax Review Commission, as well as make other conforming amendments.

As received by your Committee, this measure would, among other things:

- (1) Eliminate or substantially limit specified general excise tax exemptions;
- (2) Clarify and expand the definition of "wholesale services" to include all services not consumed or incidental to the performance of the service that are resold at four percent;
- (3) Eliminate or limit anti-pyramiding general excise tax exemptions;
- (4) Clarify the general excise tax exemption for nonprofit organizations and impose reporting requirements;
- (5) Exempt exported services from the general excise tax;
- (6) Extend the general excise tax exemption for nonprofit hospitals to for-profit hospitals;

- (7) Reduce the general excise tax rate;
- (8) Impose use tax on imported services;
- (9) Increase standard income tax deductions;
- (10) Increase the personal income tax exemption from \$1,040 to \$1,500;
- (11) Expand income tax brackets and reduce the number of income tax brackets;
- (12) Adopt a sliding scale on capital gains for income tax based on the holding period;
- (13) Allow automatic extensions for filing income tax returns;
- (14) Limit income tax deferrals; and
- (15) Eliminate specified income tax deductions and credit.

The National Federation of Independent Business, and an individual submitted testimony in support of this measure. The Department of Taxation, the Tax Foundation of Hawaii, Small Business Hawaii, Hawaii Association of Realtors, Hawaii State Association of Life Underwriters, the Aloha Society of Association Executives, the Democratic Party of Hawaii, the Estate of James Campbell, the Chamber of Commerce of Hawaii, and A&B Properties, Inc. submitted comments on this measure.

Your Committee has amended this measure by:

- (1) Retaining the general excise tax rate at 4 percent;
- (2) Allowing income tax deductions for individual housing accounts established before January 1, 1998;
- (3) Retaining existing standard deductions for income tax;
- (4) Maintaining income tax deferrals for like-kind exchanges and involuntary conversion;
- (5) Retaining the income tax exclusion of members of the Hawaii national guard and military reservists;
- (6) Retaining income tax deductions on political contributions;
- (7) Retaining existing income tax brackets structure;
- (8) Retaining existing rate for taxing for capital gains;
- (9) Eliminating provision of automatic extensions for filing income tax returns;
- (10) Eliminating the one-time \$20 fee for general excise tax license applications;
- (11) Retaining the .15 percent general excise tax rate for insurance solicitors and agents;
- (12) Retaining anti-pyramiding provisions;
- (13) Eliminating the exemption for exported services;
- (14) Eliminating the provision clarifying the exemption for nonprofit organizations and the imposition of reporting requirements;
- (15) Eliminating the imposition of the use tax on imported services;
- (16) Eliminating the section changing the percentage 431:7-202, Hawaii Revised Statutes (HRS);
- (17) Retaining additional general excise tax exemptions set forth in section 237-24.5, HRS;
- (18) Retaining general excise tax exemption of certain scientific contracts in the United States in section 237-26, HRS;
- (19) Amending the effective date to take effect upon approval, provided that sections 2 through 16 take effect on July 1, 1997; and
- (20) Making technical, nonsubstantive amendments for the purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1031, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1031, HD 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.
(Representative Ward voted no.)

SCRep. 944 Ocean Recreation and Marine Resources and Water and Land Use and Energy and Environmental Protection on H.B. No. 2137

The purpose of this bill is to increase the valuation limit for special management area use permits from \$125,000 to \$165,000.

Testimony in support of this bill was received from the Department of Business, Economic Development and Tourism, the Office of Planning, the Department of Land Utilization of the City and County of Honolulu, the Hawaii County Planning Department, and the Maui County Planning Department, which testified that the increase in valuation limit was justified, based upon the increased costs of construction and inflation rate.

Testimony in opposition to this bill was received from the Sierra Club, Hawaii Chapter, and the Hawaii's Thousand Friends, which testified that an increase in the valuation limit would result in preventing all public notice and consequently all public input on these projects that are in excess of \$165,000. They also argued that there was no basis for the increase in the valuation limit and that this amendment weakens the Coastal Zone Management Act.

Your Committees find that there was no clear and objective financial analysis justifying the increase in valuation limit that calculates inflation and the cost of construction starting in 1990, when the limit was \$65,000 to 1991, when it was increased to \$125,000 to the present year, and projected into the future. Until such analysis is done and presented to your Committees, such an adjustment was viewed as arbitrary and unjustified. Your Committees also find that the public is not well served by the lack of notification requirement for special management area permits for projects not exceeding \$125,000.

Upon further consideration, your Committees have amended the bill by:

- (1) Deleting the proposed amendment which would have increased the valuation limit to \$165,000; and
- (2) Requiring publication of notice in the Office of Environmental Quality Control Bulletin of all special management area permit applications.

As affirmed by the records of votes of the members of your Committees on Ocean Recreation and Marine Resources and Water and Land Use and Energy and Environmental Protection that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 2137, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 2137, HD 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committees except Representatives Garcia, Takamine, Yoshinaga and Meyer.

SCRep. 945 Judiciary on H.B. No. 1382

The purpose of this bill, as received by your Committee, is to require the court to enter judgment by default in favor of the State and against a defendant who fails to appear for a traffic infraction that is committed in the same course of conduct as a criminal offense for which the offender is arrested or charged.

Testimony in support of this bill was received from the Judiciary.

Your Committee finds that this bill would allow the courts to handle traffic crime and traffic infraction cases separately in situations where the defendant fails to appear in court. If the defendant fails to appear, the court would issue a bench warrant for the traffic crime case and enter a default judgment for the defendant's traffic infraction case. Once the default judgment is entered for the traffic infraction case, the case is disposed of and becomes an enforceable judgment for the State. This will result in more timely adjudications of infraction cases and will reduce the number of pending cases.

Upon further consideration, your Committee has amended this bill to allow the court to waive entry of default against a defendant if the court determines that good cause or excusable neglect exists for the defendant's failure to appear, such as incarceration for a criminal offense.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1382, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1382, HD 1, and be placed on the calendar for Third Reading.

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

SCRep. 946 Judiciary on H.B. No. 1406

The purpose of this bill is to amend section 12-3, Hawaii Revised Statutes (HRS), to clarify the procedures and the contents of candidate nomination papers.

Testimony in support of this bill was received from the Office of Elections, which also suggested various amendments to the bill.

Your Committee finds that the procedures and contents of candidate nomination papers need clarification to avoid misinterpretation and to ensure the fair and efficient processing of these documents.

Upon further consideration, your Committee has amended this bill by:

- (1) Adding language to section 12-3(a)(3), HRS, to ensure that a candidate is a resident of the district throughout the period in which the candidate is running for office;

- (2) Incorporating language suggested by the Office of Elections to ensure the efficient processing of candidate nomination papers and add clarity to the provisions; and
- (3) Making technical, nonsubstantive changes for the purpose of clarity and style.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1406, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1406, HD 1, and be placed on the calendar for Third Reading.

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

SCRep. 947 Judiciary on H.B. No. 952

The purpose of this bill is to abolish joint and several liability for all joint tortfeasors.

Under this bill, any joint tortfeasor, whether government entity or private individual, will only be liable for the percentage share of damages attributable to that tortfeasor.

The State Farm Insurance Companies, the Hawaii Medical Association, the National Federation of Independent Business, Healthcare Association of Hawaii, the Construction Industry Legislative Organization, the Hawaii Insurers Council, the Consulting Engineers Council of Hawaii, and KFC Airports Inc., testified in support of the bill.

The Sierra Club, Hawaii Chapter, the Consumer Lawyers of Hawaii, and two attorneys opposed the measure.

Your Committee has amended this bill by making a technical nonsubstantive amendment to correct a drafting error.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 952, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 952, HD 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Hiraki, Menor and Pendleton.
(Representative Thielen voted no.)

SCRep. 948 Judiciary on H.B. No. 1589

The purpose of this bill, as received by your Committee, is to improve the child support and paternity laws by:

- (1) Extending the statute of limitations for the collection of judgments for child, family, or spousal support until ten years after the eighteenth birthday of the child for whom the order or support was rendered;
- (2) Creating a presumption for a child support modification review based upon a quantitative standard;
- (3) Providing for a method in which direct payment agreements between custodial and noncustodial parents may be voided by the Child Support Enforcement Agency (CSEA) when a parent applies for services from the agency;
- (4) Requiring that the parties to a direct payment agreement approved by a court on or after October 1, 1998, send a certified copy of the order to the yet to be established state case registry;
- (5) Clarifying that the CSEA is not required to maintain records while any court approved direct payment record is in effect, except for any payments received and disbursed by the CSEA;
- (6) Providing that the CSEA is a necessary party in any paternity action where the child whose paternity is in question is receiving public assistance moneys;
- (7) Providing that the county attorney or corporation counsel shall represent the CSEA upon request of the CSEA in paternity proceedings; and
- (8) Permitting paternity judgments to require the father of the child to pay medical insurance premium expenses, including MedQuest, incurred during the mother's pregnancy, childbirth, and confinement.

Testimony on this measure was received from the State Attorney General, the Department of Human Services, the County of Hawaii, and the County of Kauai.

While agreeing with the intent of this measure to extend the statute of limitations for the collection of child, family, and spousal support judgments, your Committee believes that the burden on the obligee parent to monitor the collection period would be lessened by simply extending the period of collection to the child's thirty-third birthday or, in the event that a support order is established or a support debt is extended for a teenage or adult child, up to the period allowed pursuant to section 657-5, Hawaii Revised Statutes. Therefore, the bill has been amended to reflect this provision.

Technical, nonsubstantive amendments to this measure have also been made.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1589, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1589, HD 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Case, Hiraki and Menor.

SCRep. 949 Judiciary on H.B. No. 1590

The purpose of this bill is to establish an improved uniform interstate case processing system by adding a new chapter, the Uniform Interstate Family Support Act and repealing Chapter 576, the Uniform Reciprocal Enforcement of Support Act. The new act, which is federally mandated, addresses the problem created by the coexistence of multiple support orders from different states by promoting the concept of only one support order controlling at any given time.

Your Committee received favorable testimony on this bill from the Department of the Attorney General, the Department of Human Services, the County of Hawaii, the County of Kauai and the Hawaii Commissioner to the National Conference of Commissioners on Uniform State Laws.

Your Committee has amended this bill by:

- (1) Amending article 1, section -102 of this bill to clearly define the tribunal duties of the Child Support Enforcement Agency as being limited to those of a registering tribunal;
- (2) Amending sections 571-52.6 and 576E-2 of the Hawaii Revised Statutes to repeal references to chapter 576, the Uniform Reciprocal Enforcement and Support Act;
- (3) Substituting the new uniform act in these sections where references are made to the repealed act; and
- (4) Making technical, non-substantive amendments for the purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1590, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1590, HD 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Case, Hiraki and Menor.

SCRep. 950 Judiciary on H.B. No. 2163

The purpose of this bill is to include harassment of police officers in the offense of harassment.

Your Committee received testimony in support of this measure from the State Board of Directors of the State of Hawaii Organization of Police Officers, the County of Hawaii Police Department, and the Department of the Prosecuting Attorney.

Your Committee finds that although police officers are trained and experienced in maintaining the peace, they should not be required to take more verbal abuse than a private citizen.

Your Committee has amended the bill by inserting the phrase "from a reasonable person," after the words "immediate violent response," in subsection (1)(b) of section 711-1106, Hawaii Revised Statutes to clarify the purpose of the bill.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2163, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2163, HD 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Cachola, Hiraki, Menor and Pendleton.

SCRep. 951 Education on H.B. No. 1132

The purpose of this bill is to fully implement the recommendations of the education statutory revision interim study group, which was established pursuant to Act 168, Session Laws of Hawaii 1995, and whose recommendations were partially implemented pursuant to Act 89, Session Laws of Hawaii 1996.

Specifically, this bill repeals sections -502, -503, -518, -519, -522, -523, -524, -538, -717, -734, -1207, -1208, -1209, -1219, and -1221 of the recodified education law, which were renumbered by the revisor of statutes pursuant to section 23G-15(1), Hawaii Revised Statutes, as sections 302A-402, 302A-403, 302A-418, 302A-419, 302A-421, 302A-422, 302A-423, 302A-437, 302A-617, 302A-633, 302A-1107, 302A-1108, 302A-1109, 302A-1119, and 302A-1121, Hawaii Revised Statutes. In addition, this bill makes conforming amendments to sections 302A-101 and 302A-420.

Your Committee received testimony in support of this bill from the Department of Education.

Your Committee finds that the provisions of this bill are consistent with the findings and recommendations of the education statutory revision interim study group.

Your Committee has amended this bill by deleting those provisions repealing sections -1207, -1208, and -1209 of the recodified education law, which were renumbered by the revisor of statutes pursuant to section 23G-15(1), Hawaii Revised Statutes, as sections 302A-1107, 302A-1108, and 302A-1109, Hawaii Revised Statutes, since school district advisory councils will be abolished on June 30, 1997, pursuant to Act 160, Session Laws of Hawaii 1996.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1132, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1132, HD 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Santiago, Takamine, Tarnas, Yonamine and McDermott.

SCRep. 952 Education on H.B. No. 1131

The purpose of this bill is to require the Department of Education to adopt rules authorizing the school/community-based management (SCBM) council or the principal of each public high school to develop community service programs and establish community service requirements for students as a condition of graduation.

Your Committee finds that instilling a sense of community in Hawaii's public high school students is one of the most important functions of the public school system. This bill will enable public high schools to establish community service credit requirements beyond the twenty-two credits currently required for graduation.

Your Committee wishes to emphasize that this bill gives each public high school the option of developing community service programs and requirements for students. This approach is consistent with the SCBM concept which gives individual schools the authority to decide for themselves what is appropriate for their students. Each public high school SCBM council will be able to develop its programs and address issues including, but not limited to the issue of liability, at the community level.

Your Committee received testimonies in support of the concept of this bill from the Superintendent of Education and the President of the Hawaii State Teachers Association, although both expressed the view that schools already have the capability of establishing such programs and requirements.

Your Committee has amended this bill by assigning the responsibility for program development to the individual SCBM councils alone--rather than the SCBM councils or the principal. Your Committee finds that this amendment will ensure full community participation in the development process of the individual community service programs.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1131, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1131, HD 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Santiago, Takamine, Tarnas and McDermott.
(Representatives Yonamine and Moses voted no.)

SCRep. 953 Education on H.B. No. 1138

The purpose of this bill is to establish an advisory legislative task force on parental responsibility in education to search for unique solutions to motivate children in the State to learn, and to emphasize the importance of parental responsibility in their children's education.

Your Committee received testimony in support of this bill from the Department of Education, the Hawaii State Teachers Association, and the Hawaii Congress of Parents, Teachers, and Students.

Your Committee finds that parental involvement in education has a strong influence on children's learning, aspirations, and attitudes about school and helps teachers to motivate students.

Your Committee agrees with the intent of this bill to search for unique solutions and to find the best and most appropriate solution to motivate children of Hawaii to learn, and to increase parental involvement in their children's education.

Your Committee has amended this bill by making technical, nonsubstantive revisions for purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1138, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1138, HD 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Santiago, Takamine and Tarnas.

SCRep. 954 Education on H.B. No. 2161

The purpose of this bill is to prohibit the Department of Education from assigning inexperienced, probationary teachers to special needs schools, except when a teacher at a special needs school retires, or is otherwise terminated, or when there are extenuating circumstances.

Specifically, this bill defines "special needs schools" as public schools located in areas characterized by low student performance in the public school system, as evidenced by indicators such as low standardized achievement test scores and low graduation rates.

Your Committee finds that students who attend schools in certain areas of the State perform very poorly when compared with students who attend schools in other areas. The schools in which student performance is low have been described as

"special needs schools". A major factor contributing to poor student performance at special needs schools is the high proportion of inexperienced, probationary teachers and the low proportion of experienced, tenured teachers. Student performance can be expected to improve when the proportion of veteran teachers is increased.

Your Committee has amended this bill by:

- (1) Amending the definition of "special needs schools" to delete low graduation rates and include high absenteeism, frequent disciplinary offenses, and low socio-economic status, as indicators of low student performance;
- (2) Adding a provision to define the term "extenuating circumstances" to include a probationary teacher residing within the geographical boundaries established for a special needs school, and other justifiable reasons as determined by the Superintendent of Education; and
- (3) Making technical, nonsubstantive changes for purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2161, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2161, HD 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Morihara, Santiago, Takamine and Yonamine.

SCRep. 955 Consumer Protection and Commerce on H.B. No. 38

The purpose of this bill is to allow a consumer to cancel a contract to purchase a motor vehicle at any time prior to midnight of the third business day after which the consumer signed the contract; provided that the consumer has not taken physical possession of the motor vehicle.

The Department of Commerce and Consumer Affairs (DCCA) submitted testimony in support of this measure. Opposing testimony was received from the Hawaii Automobile Dealers' Association. The Motor Vehicle Industry Licensing Board submitted comments on this measure.

Testimony from the DCCA indicated that this bill addresses the remorse experienced by the consumer in this sales environment. Car sales remain to be an area with the largest number of calls from consumers who wish to rescind their purchase after the contract has been executed. According to the Consumer Resource Center, approximately eighty percent of its telephone inquiries concerning used and new car sales pertained to the possibility of rescinding the contract. Many consumers were under the impression that they had a three-day right of rescission on the purchase of their vehicle. The DCCA believes that these statistics reflect the high pressure sales used in this area, complicated by the inexperience or impulsiveness on the part of the shopper.

Your Committee has amended this measure by deleting its contents and inserting language that requires every new or used motor vehicle purchase agreement to contain a "three-day rescission" disclaimer.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 38, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 38, HD 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Cachola, Case, Garcia and Tom.

SCRep. 956 Consumer Protection and Commerce on H.B. No. 2052

The purpose of this bill is to protect those who are least able to afford an unwise purchase decision by adding "rent-to-own" transactions to those credit sale contracts subject to chapter 476, Hawaii Revised Statutes.

Your Committee received testimony in support of this measure from the Department of Commerce and Consumer Affairs, Hoomau Ke Ola, and the Legal Aid Society of Hawaii. A concerned individual submitted comments on this measure.

The rent-to-own industry aims its marketing efforts at low-income consumers by advertising low payments, no down payments, and suggesting that there are no credit requirements. Most customers enter into the transaction with the expectation of buying, not renting, an appliance or furniture. While the weekly or monthly payments are affordable, the total purchase price paid by consumers can be exorbitant, such as 200 percent to 600 percent of prices found elsewhere in the community.

Regulation under chapter 476, Hawaii Revised Statutes, and related state and federal consumer protection statutes would provide the consumer with rights to equity in the goods, due process, and remedies not available to them now. It would also require prior disclosure of cash price, annual percentage rate of interest, and total purchase price which would promote comparison shopping and allow the consumer to consider other purchase plans such as lay-a-way.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2052 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 Cachola, Garcia and Tom.
(Representative Whalen voted no.)

SCRep. 957 Consumer Protection and Commerce on H.B. No. 1351

The purpose of this bill is to increase the potential to achieve higher yields and cost savings while maintaining regulatory safeguards by authorizing related insurers to acquire investments in investment pools.

The Hawaii Insurers Council and the Fireman's Fund Insurance Company submitted testimony in support of this measure. Comments were received from the Department of Commerce and Consumer Affairs (DCCA).

Testimony from the DCCA indicated the importance of finding innovative means for insurers to pool their limited resources and seek a greater return on their investments. The Securities Valuation Office (SVO) of the National Association of Insurance Commissioners (NAIC) is responsible for quality assessment and valuation of securities owned by state regulated insurance companies. The SVO rates these securities so that NAIC members, such as Hawaii, may utilize the ratings as a means to monitor the financial condition of domestic insurers. The NAIC has recently adopted a model law to deal with investment pools, and have informed the DCCA that the SVO will be providing a value for these investments in the future.

Upon careful consideration, your Committee has amended this measure by:

- (1) Adding language from the NAIC model act to set limitations on repurchase, reverse purchase, and dollar roll transactions;
- (2) Clarifying that investment pools be exempt only from section 431:6-402 relating to securities underwriting; and
- (3) Making technical, nonsubstantive amendments for purposes of clarity, style, and consistency.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1351, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1351, HD 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Cachola and Tom.

SCRep. 958 Consumer Protection and Commerce on H.B. No. 1856

The purpose of the bill is to amend the laws pertaining to educational requirements for licensure as a certified public accountant (CPA) by:

- (1) Imposing the same educational requirements on both the examination and licensure applicants. Effective December 31, 2000, an applicant for examination or licensure must have completed one hundred and fifty semester hours of college education, and have earned either:
 - (A) A baccalaureate or higher degree; or
 - (B) A concentration in accounting;
- (2) Eliminating a seldom-invoked educational exemption applicable to certain out-of-state applicants; and
- (3) Establishing an educational exemption for applicants who have passed the Uniform Certified Public Accountant Examination (CPA Exam) in another state.

Currently the law requires that a candidate for a CPA license complete a two-step process by first passing a license examination, then taking additional coursework or completing field work.

This bill eliminates this two-step process and standardizes the requirements for examination and licensing by establishing a prerequisite of one hundred and fifty semester hours of college education in order to qualify to take the CPA Exam or to apply for a license. This educational standard is endorsed by several national professional and educational associations, has been adopted by thirty states, and its implementation will facilitate interstate licensing reciprocity.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1856 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 Cachola, Tom and Kawananao.

SCRep. 959 Consumer Protection and Commerce on H.B. No. 939

The purpose of this bill is to:

- (1) Allow rental companies to charge lessees a prorated charge for annual vehicle license and registration fees on the rental agreement; and
- (2) Exempt taxes or fees from the cost disclosure requirement statute.

Supportive testimony was received from CATRALA-HAWAII and Alamo Rent a Car, Inc. The Department of Commerce and Consumer Affairs submitted testimony in opposition to this measure.

Upon careful consideration, your Committee has amended this measure by:

- (1) Exempting only the fees allowed under chapter 437D, Hawaii Revised Statutes; and
- (2) Making technical, nonsubstantive amendments for purposes of consistency, style, and clarity.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 939, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 939, HD 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Cachola, Garcia and Tom.

SCRep. 960 Consumer Protection and Commerce on H.B. No. 1853

The purpose of the bill is to:

- (1) Establish minimum net worth requirements for mutual benefit societies to protect against financial insolvency; and
- (2) Authorize the Insurance Commissioner to take appropriate action when a mutual benefit society becomes insolvent or when its financial condition renders its continued operation hazardous to its members.

The Department of Commerce and Consumer Affairs, Insurance Division, testified in strong support of the bill. The Hawaii Medical Services Association offered comments on the measure.

In order to protect consumers against the financial insolvency of a mutual benefit society, this bill requires that prior to being issued a certificate of authority, a mutual benefit society must have an initial net worth of \$1,500,000, and maintain a minimum net worth equal to the greater of:

- (1) \$1,500,000;
- (2) An amount equal to the sum of two percent on the first \$150,000,000 of annual premium revenues and one percent on the annual premium revenues in excess of \$150,000,000; or
- (3) An amount equal to the sum of eight percent of health care expenditures and operating expenses and four percent of annual hospital expenditures.

Additionally, the bill:

- (1) Provides for the phasing in or "ramping up" of the minimum net worth requirement;
- (2) Requires that funds be deposited with the Insurance Commissioner to assure the continuation of health care services for members in the event of a mutual benefit society's rehabilitation, liquidation, or conservation;
- (3) Requires that each mutual benefit society have a plan for handling insolvency that allows for the continuation of benefits to its members;
- (4) Authorizes the Insurance Commissioner to supervise the rehabilitation, liquidation, or conservation of a mutual benefit society pursuant to the Insurance Code; and
- (5) Authorizes the Insurance Commissioner to issue summary orders when the mutual benefit society's members or creditors, or the general public is placed at risk due to the financial condition of the mutual benefit society.

Your Committee finds that the requirements established in this bill are necessary to safeguard consumers against the loss of health insurance coverage due to the insolvency of a mutual benefit society. These requirements are similar to those enacted in 1995 for health maintenance organizations and codified in chapter 432, Hawaii Revised Statutes.

Upon careful consideration, your Committee has amended the bill by:

- (1) Amending the formula for calculating reserve requirements in proposed section 432:1- (a)(2)(C), Hawaii Revised Statutes (HRS);
- (2) Deleting the definition for "capitated basis" and adding a definition for "operating expenses" to conform to the above amendment;
- (3) Amending the exception provision to provide that the Act does not apply to societies that do not operate as a hospital and medical, or indemnity society, or corporation, or to labor union mutual benefit societies pursuant to section 432:1-103(b), HRS; and
- (4) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1853, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1853, HD 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Cachola, Case, Garcia and Tom.

SCRep. 961 Consumer Protection and Commerce on H.B. No. 782

The purpose of this bill is to remove an unnecessary regulatory requirement imposed upon already heavily regulated industries without impairing the State's ability to otherwise regulate sellers of motor vehicles by excluding from the definition of "dealer," insurance companies and financial institutions that sell vehicles pursuant to purchase options contained in lease agreements.

The Hawaii Bankers Association submitted testimony in support of this measure. The Motor Vehicle Industry Licensing Board submitted testimony in opposition of this measure.

A recent interpretation of existing statute by the Department of the Attorney General and the Regulated Industries Complaints Office concludes that the leasing of vehicles with options to purchase by any of the specified entities requires licensure as a motor vehicle dealer. Since insurance companies, finance companies, banks, and other financial institutions are already highly regulated, such licensure serves no meaningful regulatory purpose. Licensing banks as automobile dealers, for example, does nothing to further protect consumers nor to ensure the safety and soundness of banks.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 782 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 Cachola, Garcia and Tom.

SCRep. 962 Consumer Protection and Commerce on H.B. No. 474

The purpose of this bill is to provide associations of apartment owners of a condominium property located in a federally designated flood hazard area the option of not obtaining flood insurance through specific bylaw amendment.

The Discovery Bay Association submitted testimony in support of this measure. The Real Estate Commission and the Hawaii Council of Association of Apartment Owners submitted testimony in support of the intent of this measure.

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

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 474, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 474, HD 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Cachola and Tom.

SCRep. 963 Consumer Protection and Commerce on H.B. No. 794

The purpose of this bill is to:

- (1) Recodify Article 8, of the Uniform Commercial Code (UCC), relating to investment securities; and
- (2) Amend related provisions in Article 9, of UCC to clarify the manner in which interests in investment property are perfected.

The Hawaii Committee to Promulgate Uniform Legislation testified in support of the bill.

Your Committee finds that the proposed amendments to UCC will help to clarify the manner in which a creditor may perfect a security interest in investment properties such as commodities contracts, thereby facilitating lending practices in this area.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 794 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 Garcia, Tom and Yoshinaga.

SCRep. 964 Consumer Protection and Commerce on H.B. No. 1865

The purposes of the bill are to:

- (1) Require that an insurer issue a substantive written response within fifteen days to any written or oral inquiry from the Insurance Commissioner regarding an insurance claim or consumer complaint; and
- (2) Authorize a nonresident insurance adjuster licensed in another state to adjust losses occurring as a direct result of a catastrophe in the State, subject to registering with the Insurance Division and meeting other conditions.

The Department of Commerce and Consumer Affairs, Insurance Division, testified in support of the bill. The Hawaii Insurers Council testified regarding their concerns with the bill.

Under the current law, there is no general requirement for an insurer to respond to inquiries from the Insurance Commissioner. Without the authority to compel a response from an insurer, the Insurance Commissioner is unable to effectively investigate and resolve consumer complaints. The bill addresses this deficiency in the insurance code by establishing an insurer's duty to provide a reasonably prompt and responsive reply to an inquiry from the Insurance Commissioner.

The bill also provides that a nonresident insurance adjuster licensed in another state may work for a maximum of one hundred and twenty days in Hawaii to adjust losses incurred as a direct result of a catastrophe. Permitting licensed nonresident adjusters in work in the State for the short term following a natural disaster and other catastrophes will allow insurers to respond more quickly to policyholders who have suffered widespread and devastating losses.

Upon careful consideration, your Committee has amended the bill by:

- (1) Deleting the requirement that insurers respond to oral inquiries from the Insurance Commissioner;
- (2) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1865, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1865, HD 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Cachola, Case, Garcia and Tom.

SCRep. 965 Consumer Protection and Commerce on H.B. No. 692

The purpose of this bill is to require creditors to give debtors written notice to redeem consumer goods prior to their resale or retention, in satisfaction of the debt.

Your Committee finds that unforeseen, temporary financial difficulties due to a reduction in work hours or the loss of employment can leave a consumer in a difficult and stressful financial situation. Moreover, given the customary method of consumers to "buy on credit," that is, buying through credit cards, store charge cards, and credit sales contracts, it becomes especially important that consumers are provided fair and ample opportunity to address their financial hardship. This bill provides that timely notice be sent to consumers who are unable to make their payments so that they can be properly informed of the alternatives that are available to them regarding their debt situation.

The Department of Commerce and Consumer Affairs, the Legal Aid Society of Hawaii, and an individual submitted testimony in support of the measure.

Upon careful consideration, your Committee has amended this bill to reconcile the bill's contents with the language of the Uniform Commercial Code. As amended, this bill:

- (1) Clarifies the definition of "consumer goods" to mean "goods used or bought for use by a natural person primarily for personal, family, or household purposes";
- (2) Stipulates that the holder may repossess the goods only if repossession can be done without breach of the peace;
- (3) Specifies that in order for the buyer to reinstate the contract and reclaim the goods, overdue payments by the buyer, as stated in the written notice, must be paid within fifteen days, rather than ten days, of the issuance of the notice;
- (4) Specifies that the holder's right to retain the goods in satisfaction of the debt does not apply where the buyer has paid sixty percent or more of the amounts owed on the credit sales contract;
- (5) Includes in the written notice, information advising the buyer of the rights of reinstatement and reclamation;
- (6) Requires the holder to conduct the public sale of the goods within ninety days of taking repossession of the goods;
- (7) Requires the holder to give notice of the time and place of sale at least fifteen days, rather than ten days, before the date of sale;
- (8) Specifies that all aspects of the public sale, including the method, manner, time, place, and terms, be commercially reasonable;
- (9) Requires that any surplus amounts regarding the application of proceeds of resale be paid to the buyer; and
- (10) Makes technical, nonsubstantive amendments for purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 692, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 692, HD 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Cachola, Tom and Kawanakoa.