

TWENTY-SEVENTH DAY

Tuesday, March 10, 1998

The House of Representatives of the Nineteenth Legislature of the State of Hawaii, Regular Session of 1998, convened at 9:12 o'clock a.m., with the Speaker presiding.

The invocation was delivered by Pastor Chris Eng of the Waipahu United Church of Christ, after which the Roll was called showing all members present.

By unanimous consent, reading and approval of the Journal of the House of Representatives of the Twenty-Sixth Day was deferred.

INTRODUCTIONS

The following introductions were made to the members of the House:

Representative Cachola, on behalf of the Kalihi Representatives, introduced 17 eighth grade students from St. Anthony School. They were accompanied by their teacher, Sister Rosatina; and parents, Mrs. Myrna Rolett and Mrs. Ann Rabara.

Representative McDermott introduced Andy and Malia Blum.

At 9:19 o'clock a.m., the Chair declared a recess, subject to the call of the Chair.

The House of Representatives reconvened at 9:40 o'clock a.m.

ORDER OF THE DAY

SUSPENSION OF RULES

On motion by Representative M. Oshiro, seconded by Representative Marumoto and carried, the rules were suspended for the purpose of considering bills on Third Reading on the basis of a modified consent calendar. (Representatives Santiago and White were excused.)

UNFINISHED BUSINESS

H.B. No. 2519:

Representative Okamura moved that H.B. No. 2519 pass Third Reading, seconded by Representative M. Oshiro.

Representative M. Oshiro submitted the following remarks for insertion into the Journal:

"Mr. Speaker, I rise in support of this measure.

"As we all know, the Governor, Lieutenant Governor, their department heads, deputies, Senators, Representatives, and even our office managers are required to disclose their financial interests to the Ethics Commission and the general public. We saw a prime example of this when the Governor was required to disclose the financial interests of his new wife after his recent marriage.

"In brief, this bill repeals the requirement that the Ethics Commission keep a listing of all persons examining our financial disclosure records.

"This is a prime example of a:

- * Open government bill;
- * Accountability bill;
- * Access to information bill.

"More important, government watchdog groups such as Common Cause, the League of Women Voters, and most important, the public at large, will be able to access this information without the fear of retaliation or retribution from the person whose record they inspected.

"Members, I urge your support of this measure."

The motion was put to vote by the Chair and carried, and H.B. No. 2519, entitled: "A BILL FOR AN ACT RELATING TO LIST OF PERSONS EXAMINING RECORDS," passed Third Reading by a vote of 49 ayes, with Representatives Santiago and White being excused.

H.B. No. 2887:

On motion by Representative Okamura, seconded by Representative M. Oshiro and carried, H.B. No. 2887, entitled: "A BILL FOR AN ACT RELATING TO THE STATE COMMISSION ON THE STATUS OF WOMEN," passed Third Reading by a vote of 49 ayes, with Representatives Santiago and White being excused.

H.B. No. 3010:

On motion by Representative Okamura, seconded by Representative M. Oshiro and carried, H.B. No. 3010, entitled: "A BILL FOR AN ACT RELATING TO CONCURRENT JURISDICTION," passed Third Reading by a vote of 49 ayes, with Representatives Santiago and White being excused.

H.B. No. 2851:

On motion by Representative Okamura, seconded by Representative M. Oshiro and carried, H.B. No. 2851, entitled: "A BILL FOR AN ACT RELATING TO GRANDPARENTS' VISITATION RIGHTS," passed Third Reading by a vote of 49 ayes, with Representatives Santiago and White being excused.

H.B. No. 2932:

Representative Okamura moved that H.B. No. 2932 pass Third Reading, seconded by Representative M. Oshiro.

Representative Fox rose to speak in favor of the bill, stating:

"This is an excellent measure which removes a technical problem that arose last year when the City Prosecutor was trying to clear prostitutes off Waikiki. He was forced to treat the nuisance abatement problem as something that applied only to a place, and I applaud the Judiciary Committee for implementing this 'fix' that allows him to go ahead after nuisances that are produced by persons.

"Thank you, Mr. Speaker."

The motion was put to vote by the Chair and carried, and H.B. No. 2932, entitled: "A BILL FOR AN ACT RELATING TO NUISANCE ABATEMENT," passed Third Reading by a vote of 49 ayes, with Representatives Santiago and White being excused.

H.B. No. 3252:

On motion by Representative Okamura, seconded by Representative M. Oshiro and carried, H.B. No. 3252, entitled: "A BILL FOR AN ACT RELATING TO MOTOR VEHICLE SAFETY RESPONSIBILITY," passed Third Reading by a vote of 49 ayes, with Representatives Santiago and White being excused.

The Chair directed the Clerk to note that H.B. Nos. 2519, 2887, 3010, 2851, 2932 and 3252 had passed Third Reading at 9:42 o'clock a.m.

Stand. Com. Rep. No. 586-98 and H.B. No. 2973, HD 2:

Representative Okamura moved that the report of the Committee be adopted and H.B. No. 2973, HD 2, pass Third Reading, seconded by Representative M. Oshiro.

Representative Tom rose to speak in support of the bill, stating:

"Mr. Speaker, first of all, I would like to thank the Chairman of the Health Committee, Chairman Santiago, for hearing this bill and passing it down to the Judiciary Committee.

"Specifically, this bill, Mr. Speaker, prohibits a medical procedure known as intact dilation and extraction. During this procedure the physician delivers, in breech position, the body of the fetus. The head remains lodged in the woman's cervix. The tip of a pair of scissors is forced into the base of the head and is spread to make a hole. Into this hole the physician places a suction catheter which removes the brain. The fetal skull collapses, and the rest of the fetus is removed.

"Members, I think we can all agree that this is a horrible procedure.

"At the same time, we have to ensure that this bill is constitutional under the Supreme Court decisions of *Roe v. Wade* and *Planned Parenthood v. Casey*.

"Mr. Speaker, it is my belief that this bill is constitutional. The Supreme Court specifically stated in *Roe v. Wade* that its decision did not cover laws banning the killing of a child in the process of delivery. This bill bans the killing of a child in the process of delivery.

"Second, this bill does not violate *Planned Parenthood v. Casey* because it does not unduly burden a woman's right to choose to have an abortion. This bill is limited to a single -- single -- procedure which is never medically necessary. There still remain other procedures which are available to the woman, which I am sure the Chairman of the Health Committee can attest to better than I can.

"We as a Legislature have always supported the right of a woman to control her reproductive choices.

"For the same reasons, this bill does not -- and I repeat, does not -- interfere with the doctor-patient relationship. I would also like to point out that we do have laws regulating medical procedures that a doctor and patient might agree upon. We have done this in the past. For example, we prohibit mercy killing or euthanasia. We pass laws regarding implied consents -- what the doctor needs to let the patient know in different procedures.

"Furthermore, this bill does not violate the separation between church and state. This bill has nothing to do with religion. The mere fact that religious organizations testified in support of this bill does not mean that we are taking the side of religion by passing this bill. This bill

does not impose specific religious beliefs on others. This bill merely bans a medical procedure that is never medically necessary.

"The procedure described in this bill is not unconstitutionally vague. Section 1 of the bill specifically describes the process that is prohibited. Section 2 defines partial-birth abortion as an abortion in which the person performing the abortion partially vaginally delivers a living fetus before killing the fetus and completing the delivery. This description is more than adequate. In fact, the American Medical Association agrees that this language narrowly defines the procedure to be restricted.

"Also, Mr. Speaker, this bill does not need an exception for the health of the mother. Critics make a big thing about that. Because this procedure is never medically necessary, it would never be used to protect the health of the mother. Simple as that! In fact, this procedure can threaten the health of the mother.

"Furthermore, we only need to provide a health exception when we regulate or prohibit abortion. This is not doing it here. Since this bill outlaws a specific procedure and does not affect the right of a woman to obtain an abortion through other procedures, the exception for a woman's health is unnecessary. Because of this, I believe prohibition of partial-birth abortion is fully consistent with the Constitution and previous decisions of the United States Supreme Court.

"However, your Committee on Judiciary was concerned that this bill could have a chilling effect on a doctor's medical judgment. By imprisoning a doctor who performs this procedure, we put doctors in a position of choosing between the patient's life and their own freedom. Therefore, the Judiciary Committee did make several changes in its Committee hearing from the Health Committee.

"First, we added a purpose clause to describe exactly what procedure is being banned and to explain why this bill is constitutional. . .

At this point, Representative Okamura rose and yielded his time to Representative Tom.

Representative Tom thanked the Chair and continued, saying:

"Second, we changed the punishment for performing partial-birth abortions from imprisonment to revocation of the physician's license by the appropriate medical board. Our current abortion statute, HRS Section 453-16, also provides a penalty of five years in prison for an unlicensed person who performs an abortion. This would include a physician whose license has been revoked pursuant to this bill, but performs the procedure anyway. Therefore, the present penalties are more stringent than those proposed by the bill in its original form.

"Third, we clarified that if the board determines that the procedure was performed in the good faith belief that it was necessary to preserve the mother's life, there are no penalties nor claims for damages under this bill. This change should reassure the doctor that innocent errors of judgment will not be punished.

"Fourth, since we removed the criminal penalties for the doctor, we deleted all other sections of the bill relating to the criminal prosecution.

"Finally, Mr. Speaker, we tailored this bill to the time when this procedure is most often performed, after the nineteenth week of pregnancy. Dr. Haskell, widely regarded as the founder of this procedure -- partial-birth

abortion -- has performed over a thousand such abortions between the 20th and 24th weeks. And Mr. Ron Fitzsimmons, Executive Director for the National Coalition of Abortion Providers, claims that the vast majority of partial-birth abortions are done when the fetus is twenty weeks or more along.

"With these changes, Mr. Speaker, I believe that we have crafted a bill which would effectively outlaw this terrible procedure without unduly interfering with either the doctor-patient relationship or the right of a woman to choose to terminate her pregnancy.

"Again, I would like to thank my members of the Judiciary Committee. You have been great all year. And I would like to thank Chairman Santiago for giving me this bill. Thanks, Chairman."

Representative Ward then rose to speak in support of the bill, stating:

"Mr. Speaker and members of the House, we are here today to make a historic vote, a vote that not only ends this barbaric procedure and unnecessary form of abortion, but a vote that defines it as a people and puts this in step with the nation and particularly the leaders of our nation in the House that has passed this bill three times and in the Senate that has passed the bill three times, which has twice experienced the veto, and is for the third time in the process of possibly being vetoed.

"All of you have in front of you a blue sheet that has four objections to this bill. This is a marketplace of ideas. This is where we debate the issues, this is where we are the vendor of what is the right and the wrong thing to do. There are four contentions that we are doing the wrong thing by passing this bill today.

"The first is regarding the constitutionality, and I cannot excel what my colleague, Representative Tom, has already mentioned. Let me add just this one thing. If we are constitutionally oversteering where we should not be, and we are in effect banning abortion rather than an abortion procedure, those of you who think this is the case must remember: if you are 8-1/2 months pregnant and you want to end your pregnancy by saline solution, this bill does not ban that procedure. If anyone in this State wants to have an abortion at that late period by saline, it's legal and it's being done. In fact, I have had the honor to meet a young lady who actually survived a saline abortion, a late term abortion by saline solution. The only thing we're talking about today is later abortion by having a four-fifths born child and one-fifth unborn. We are talking about a procedure, not our Constitution, not about outlawing abortion.

"The second objection on your blue sheet says that we are interfering with the doctor-patient relationship. Again, Representative Tom covered that very well, and we know that in the cases of child abuse, in HRS 350-5, if the doctor suspects that the parents or guardian or someone watching over that child has abused them, what is the child-patient relationship? The law says: you will inform on those people. You will share that information. So what are we doing different in terms of this 'unviable' doctor-patient relationship? Nothing new, nothing different. Again, only taking the life of that child in consideration.

"The third objection is that this is really a religious issue. Well, I wonder if the 85 percent who don't want to do late term abortions in America, according to the latest poll, are doing that out of some religious convictions. I don't think 85 percent of America are what you would call religious at all. And then when you ask Americans: what about banning the third term abortions? 93 percent

of the people say: let's not do that. Are they motivated by religion? It is not a likely probability.

"The fourth objection is the rosy way that we are treading on grounds by which we will then have a constitutional revolution. Can the State law overturn a federal Constitution? Not likely, never has, and never will be.

"The point is, Mr. Speaker and colleagues, banning this procedure is the only humane thing to do. It's happening all over the nation, in the other states. The public has said: look, enough is enough. This procedure has gone far along to where we haven't really understood what it is and let me confess to you. Before I knew what life was all about, I thought abortion was only an egg and a yolk and an extraction, but as myself and others have become more educated, we have seen that there are better ways to do this thing. There's a more humane way and the American way is always to look for those ways that are more humane, much as for the whales or the foxes or the mammals that are endangered. That's for our own children, for our own humanity.

"So, Mr. Speaker, we are in step with the nation with this bill, we are in step with humanity with this bill. We are going in the right direction. And I thank you and the Chairs who have heard this and for all of those who will vote for this.

"Thank you, Mr. Speaker."

Representative Kawanakoa then rose to speak in support of the bill, stating:

"I hadn't intended to speak on this today, but I wanted to share something that happened to me while I was sitting on the floor.

"As the Chairman of the Judiciary Committee began to explain the procedure, some of my colleagues on a prior day had left me a picture of my son -- my eight month old son. I thought I'll leave it here on my desk to remind me why I'm here. And as the Chair of the Judiciary Committee went through the procedure, I looked at my son and I reached out and put the picture down. I don't know why all the constitutionality, I don't know what the left and what the right are arguing. All I can say is what my gut told me to do, and that is clearly to vote up on this bill.

"I'll just simply ask my colleagues to ask this simple question. Don't get wrapped up in all the politics from the radical left and the ultra conservative right, but look into your heart and this procedure when a child is about to be born, to take a life. That is not correct.

"Thank you, Mr. Speaker."

Representative Kahikina then rose to speak in support of the measure, stating:

"I could not explain this bill as eloquently as the Chairman of the Judiciary Committee. I thank him and his Committee for passing out this bill. Also Chair Santiago, which I have the honor of being his Vice Chair, to hear this bill in Health, and the Health Committee for passing it out.

"The only thing I could add to what has been said, and I agree with every word, including the periods, that we are doing the right thing. And you know the arguments that either you are pro-life or pro-choice, I have been getting a lot of phone calls about that and I have been sharing with people that I am pro-choice. I chose the baby, that the baby has a life.

"Mr. Speaker, I thank you and this honorable body for passing out this measure."

Representative Moses then rose to speak in strong support of the bill, stating:

"You know, we keep hearing that this is partial-birth abortion that we're talking about. I want to remind this body this is infanticide that we are talking about. This is the killing of babies. This has nothing to do with abortion. The baby is born. We just keep a little tip of the head in the vagina to say that it's an abortion. If it happens a second later, it will be clear cut murder. This is not a religious issue, it's a right versus wrong issue. We don't need a bible to tell us that murdering babies is bad and wrong. We know that.

"Again, you've heard already, and let me stop here for a second and commend the members and the Chairs of Health and Judiciary for their fine work. I really appreciate that this bill has progressed to this point. Anyway, this procedure is never medically beneficial to the mother. We've heard that over and over again. Even our own State Health Department has indicated that's true. But I can say this: this procedure is always, always detrimental to the living child.

"Thank you, Mr. Speaker."

Representative Case then rose to speak against the bill, stating:

"As members know, I and other members authored a dissent to the Standing Committee Report dated March 5th, in which we explained our reasons for opposing this very difficult bill. And I would like first of all to incorporate the text of the dissent into my remarks here today," and the Chair "so ordered."

"DISSENT TO SCR 586-98 (HB 2973, HD 1):

We respectfully dissent from the recommendation of your Committee on Judiciary favoring passage of House Bill 2973, House Draft 2, relating to 'partial-birth abortions' on the grounds that the bill: (1) is unconstitutional under both our federal and state constitutions; (2) unnecessarily interferes in the doctor-patient relationship and precludes the full range of medical options necessary to preserve the life and health of a woman; (3) represents the unwarranted intrusion of religion into public policy; and (4) is ultimately directed at reversing the United States Supreme Court's 1971 decision in Roe v. Wade.

A. The Law

1. Background. Abortion is, of course, one of the most difficult and divisive issues of our time. This is because it combines in a single debate deep societal differences over such basic concepts as life, health, privacy, religion, medicine and government.

This divide is only exacerbated when the issue is what its opponents have denoted as 'partial-birth abortion'. This is because the phrase refers for the most part to a late-term pregnancy termination procedure which leaves any reasonable person with feelings of great emotion and concern.

Public opinion, which we believe both nationally and locally continues to support a woman's ability to make informed choices about pregnancy in consultation with her doctor, is probably less supportive of later-term abortions. It is therefore no surprise that those who oppose Roe v.

Wade and a woman's right of choice generally have focused their opposition in this area.

2. Federal and state constitutions. Each of us, when we undertook our responsibilities as members of the legislative branch, swore to 'support and defend the Constitution of the United States, and the Constitution of the State of Hawaii...' It follows that we should know what is required of us as legislators under the federal and state constitutions regardless of public opinion or our own personal beliefs.

On abortion, Roe v. Wade remains the seminal decision of the U.S. Supreme Court setting forth federal constitutional requirements and protections. These have been refined and reiterated in subsequent decisions, most notably Planned Parenthood v. Casey (1992), but the basics remain the same.

Essentially (risking oversimplification), the law of our land is that a woman may choose to abort up to the point of fetal 'viability,' meaning the ability to survive outside the mother's womb. 'Viability' is a medical concept to be determined by medical doctors. After viability, a woman's right to an abortion may be restricted by a state 'except where it is necessary, in appropriate medical judgment, for the preservation of the life or health of the mother....'

These federal constitutional requirements arise from basic due process, including the right of privacy which has been inferred from the U. S. Constitution. In contrast, our State Constitution includes at Article I, Section 6 an express right of privacy, and the history of that provision reflects that it was proposed and ratified in part to assure a woman's right of choice. Thus, while the Supreme Court of Hawaii has not directly addressed the state constitutionality of state abortion laws or regulations, there is every legal reason to expect that it would afford greater constitutional protections to women than already mandated under our federal constitution.

Bills similar to this proposal have been enacted in other states and subsequently challenged on federal and state constitutional grounds. Of the thirteen state statutes thus far challenged, eleven have been ruled unconstitutional. These include Alaska and Montana, whose constitutions include express rights of privacy similar to Hawaii's.

B. The Proposal

'Partial birth abortion' is not a medical term, but section 1 of the current proposal describes the medical procedure of 'intact dilation and extraction' ('intact D & X'). That section also proposes legislative findings that there are 'no medical conditions' under which intact D & X is appropriate, and that this bill has no impact on a woman's right to choose an abortion consistent with Roe v. Wade...

Section 2 of the draft proposes a new chapter with three proposed new statutory sections. The second of those (Definitions) defines 'partial-birth abortion' broadly rather than intact D & X specifically and could therefore encompass many other termination procedures.

The first proposed new statutory section (Partial birth abortions prohibited) states that a physician may not knowingly perform a 'partial-birth abortion after the nineteenth week of a woman's pregnancy' (although viability is medically recognized as occurring several weeks later). An exception is proposed where necessary to 'save the life' of the woman (but not to preserve her health).

The third proposed new section (Civil action; relief) gives the 'father' the right to bring a civil action against the physician performing an unauthorized 'partial-birth abortion'. The 'maternal grandparents' are provided the same right if the 'mother' is under the age of eighteen.

C. Dissent

1. Unconstitutionality. We do, on occasion, propose laws as to which there is a reasonable question of constitutionality. But where we support proposals which are clearly unconstitutional, we violate our legislative oath.

This is a case of the latter. First, the bill is unconstitutionally void for vagueness because it does not adequately describe to women, physicians and others what they can and cannot do. Second, in direct violation of Roe v. Wade, it either provides a legislative (not medical) definition of viability, or precludes a woman's constitutional right of choice between the nineteenth week and viability. And third, in direct violation of Roe v. Wade, it provides no exception for post-viability terminations necessary to preserve the woman's health.

2. Public policy. One of the cornerstones of our public policy in the area of health is preservation of the doctor-patient relationship. This relationship will assume even greater importance, and will come under increasing attack, as medical advances present increasingly difficult decisions.

Ultimately, these decisions are best left to the personal, moral, ethical and religious convictions of patients and those close to them in consultation with the medical experts they trust. This proposal, of course, runs directly contrary to that sound public policy.

Additionally, the testimony and medical literature clearly demonstrates that intact D & X, while a little-used procedure, may nonetheless be the most appropriate procedure in certain circumstances to preserve a woman's life and health. Its legislative preclusion is not only unconstitutional, but denies to physicians and their patients the full range of medical options to address differing circumstances.

3. Religion. The proper role of religion in government is its own divisive current issue. The testimony on this bill made clear that many approach this question from a religious perspective, and that there are diverse religious views.

The right of citizens to support or oppose a legislative proposal based on their religious beliefs is unquestioned, just as is the right of any woman to apply the role of religion in her life to the incredibly difficult decision to terminate a pregnancy. But, given the diversity of religious thought in our state and country as well as our constitutional tradition (and mandate) of religious tolerance, government should avoid taking sides in religious disagreements or imposing specific religious beliefs on others.

4. Roe v. Wade. When the dust clears, this bill must ultimately be recognized as part of a carefully-crafted national effort to overturn Roe v. Wade and restrict if not deny a woman's right of choice. That decision has been as difficult throughout its history as the issue it addresses, but, as the U. S. Supreme Court noted in Planned Parenthood v. Casey, it has not proved 'unworkable'.

For this and all other reasons discussed above, we cannot and should not participate in this effort. Nor are we alone in this conclusion: among those testifying against this proposal were the Department of Health,

Hawaii Medical Association, American College of Obstetricians & Gynecologists, Hawaii Women Lawyers, American Association of University Women, League of women Voters, First Unitarian Church, and many other organizations and individuals. We therefore cannot recommend passage of H.B. No. 2973, H.D. 2 on third reading."

"For further remarks, I think I agree with everybody that has spoken earlier, including the Chair of the Judiciary Committee, that abortion, at the very best, is difficult. Partial-birth abortion, at the very best, is even more difficult and it is a terrible procedure. And I stand here and say that first.

"But I also say that we are bound by certain basics, primarily the U.S. Constitution and the Hawaii Constitution, and that those constitutions guarantee certain rights to citizens. In this instance, they guarantee certain rights to women, very carefully prescribed rights that apply even to this particular procedure. It is difficult for us to stand here in the 'marketplace of ideas,' as a prior speaker has said, but nonetheless a marketplace which favors the majority over the minority, and recognize and acknowledge the limitations placed on majority will by our constitutions.

"What I have to say today here is, members, you are voting for an unconstitutional bill. I just want you to know that. The U.S. Supreme Court has outlined the law of the land having to do with abortion. Now, the U.S. Supreme Court has thus far not ruled on partial-birth abortion in particular, but many federal courts have, and many states, including some of the most conservative states in our country -- the states of the south, the states of the southwest. This issue has been brought before those state courts and those federal courts thirteen times thus far, and in eleven of those thirteen situations, statutes such as this proposal have been ruled unconstitutional.

"The reasons that they have been ruled unconstitutional vary. Reason number one: because they did not adequately tell the doctors and women exactly what they can and cannot do. Reason number two: because they preclude the woman's right of choice prior to viability. This bill clearly affects previability procedures because it commences at the nineteenth week, which is at least five weeks prior to viability. Reason number three: you cannot get in the way of a woman's right to decide with her doctor on what her health choices are. This bill makes no exceptions for health.

"Now the proponents argue that this bill doesn't present aborting just a procedure. That particular argument has been ruled unconstitutional in two states thus far -- Michigan and Alaska.

"We also have what is referred to as the parturition argument, which is the argument forwarded primarily by the immediately preceding speaker. That particular argument has been ruled unconstitutional in Arizona, certainly one of the more conservative states in our country.

"So what I am saying again to members is: I don't think any of us like this procedure. I don't know whether any of us would choose it if it was something that confronted us or our loved ones. But I'll tell you right now that the bill you are about to vote on is unconstitutional. If it makes you feel good to vote for it, I understand that. I think we all understand that, but we are bound by our constitutions, and that's what those constitutions say.

"Thank you."

Representative Pendleton then rose to speak in support of the bill, stating:

"Mr. Speaker, I rise in strong support of House Bill 2973, House Draft 2, which is a bill for an act relating to partial-birth abortions.

"As a husband and a parent and father, there are many reasons, emotionally, why I find myself compelled to vote for this measure. My heart tells me that this is the right thing to do. I think we all know what our hearts are telling us to do.

"But just as important as these intuitions, these strong feelings to preserve and protect life, Mr. Speaker, we have a constitutional duty to do what is right and to do what is just. And we also have a constitutional duty to make sure that we carry out our business and conduct ourselves in a manner which is consistent with both the Hawaii State Constitution and the United States Constitution.

"And so I have carefully reflected over this issue. I have reflected upon this issue for the last few weeks, and I thought about it throughout law school. And last night, specifically, I went through the dissenting report and pulled out an old volume of constitutional law. I was in law school when the important United States Supreme Court case *Casey* came down, and so that was a very, very hot issue in law school. And I would like to respond specifically to the constitutional concerns which have been raised about this bill by the dissenting House members.

"We've heard a number of speakers, Mr. Speaker, address the various issues -- moral and ethical concerns. I would just like to address some of the constitutional issues and why I believe that this particular statute is absolutely constitutional.

"One of the first objections the dissent brings out, or my immediate preceding speaker brings out, is the concern of vagueness. Their concern is that this statute is unconstitutionally vague. Mr. Speaker, when we read Section 1 of House Bill 2973, HD 2, it is absolutely clear what procedure we are talking about. The middle paragraph on that first page of Section 1 describes in very tragic detail what this procedure is. It describes that the procedure lasts three days. It describes what happens on the first two days. It describes what happens on the third day. It describes exactly what fingers the physician uses and what parts of the fetus are removed from the vagina. Then on page 2, it describes the scissors and the vacuuming.

"I spoke to half a dozen gynecologists, obstetricians and physicians about this issue and read to them this particular language and asked: can this be confused with any other medical procedure that a gynecologist/obstetrician would perform on a fetus? The answer was 'No.' There was absolutely no confusion as to what this referred to.

"Also, in our Standing Committee Report, Mr. Speaker, we go into long, extensive detail as to exactly what procedure this particular statute is making unlawful, and I cannot find a single physician who says: 'Oh, I'm confused, I don't know what that refers to.' Every single physician with whom I have spoken to knows exactly what procedure we're speaking to. So, to me, it is a stretch of the imagination, Mr. Speaker, to say that this is vague and therefore unconstitutional.

"Mr. Speaker, on another issue, a second issue, a public policy issue, the concern raised by people opposing this bill is that this inappropriately or unduly intrudes on

the physician-patient relationship and may thereby jeopardize the health of the woman. We received testimony from the American Medical Association. This testimony was in support of a very similar measure -- in fact, a virtually identical measure -- passed at the federal level. That testimony by the AMA was in support, and the testimony was to the effect that they can think of no factual situation, no scenario, no pattern or practice where this procedure would be performed to save the life of the mother.

"In fact, when I asked physicians if partial-birth abortion might be needed to save the life of the mother, or it was the case that the pregnancy was jeopardizing the life of the mother, they said: 'we would do an immediate C-section, an immediate cesarean section, to remove the fetus and thereby saving the life of the mother.' They would not wait around three days to go through this very protracted and time-consuming procedure.

"Additionally, the child is basically killed while there is just three inches left in the mother. I asked about that -- the medical significance of that. The physicians I spoke with could not find any reason why killing the child with three inches of its head in the mother somehow saved the life of the mother, preserved her health, benefited her psychologically. They could find no health reason.

"They said the reason why they left the child's head within the birth canal was for strictly legal reasons, because if the baby were completely removed from the mother, Hawaii's homicide statutes would then apply. And for legal reasons, not medical reasons, the child was killed at that point.

"And so public policy, Mr. Speaker, in fact cuts the other way, cuts in favor of this statute. When we as a Legislature have to determine that we have the life of a child to think about, and the testimony by medical people is that killing a virtually born child is not necessary to preserve the life of the mother, clearly we are compelled to stand up for the life of that child. And so in this case I think we are absolutely acting within the Constitution to preserve the life of the child and that we are not unduly intruding upon the physician-patient relationship. . .

At this point, Representative Aiona rose and yielded his time to Representative Pendleton.

Representative Pendleton thanked the Chair and continued, saying:

"That law -- our homicide statute -- has withstood the test of time. The other objection as to the constitutionality of this statute, Mr. Speaker, has to do with religion, that it did not live up to the appropriate constitutional standard, that we have an Establishment Clause, and we have the Free Exercise Clause.

"Basically, the reasoning of the opposition, Mr. Speaker, is that we have a host of religious people, people of faith who support this bill and, therefore, the bill must be 'suspect.' I think that reasoning is absolutely fallacious and erroneous.

"This is my third point. We have many statutes on the books, Mr. Speaker, which are wholeheartedly supported by people of faith. We have homicide statutes, we have rape statutes, we have statutes which provide for the welfare of children. We have statutes which outlaw incest and things like that. Religious people support those statutes. Are we going to say that that support calls into question the constitutionality of those laws? I think not, Mr. Speaker.

"Also, just to remind some of the people in this room people of faith supported the abolition of slavery. They supported freeing the slaves in the South, and no one would argue that that support somehow called into question our country's actions in eventually freeing the slaves.

"Fourth, and finally, on the actual Roe v. Wade decision, Mr. Speaker, I took the liberty of rereading Roe v. Wade once again. In Section 12 of the famous or infamous Roe v. Wade decision, it says: 'Our conclusion is that Article 1196 of the Texas statutes is unconstitutional.' -- 1196. The statute that they specifically and explicitly did not address, Mr. Speaker, was Article 1195, and that section of the Texas statutes is entitled: 'Destroying the Unborn Child.'

"It reads, Mr. Speaker: 'Whoever shall during parturition of the mother destroy the vitality or life in a child in a state of being born and before actual birth, which child would otherwise have been born alive, shall be confined in the penitentiary for life or for not less than five years.' They -- the Justices of our Nation's highest court -- specifically did not address this issue, that of partial-birth abortion. They could have, Mr. Speaker. They could have addressed it, but they did not, and I think there is a reasonable inference which can be drawn.

"From this course of action or inaction on the part of the Justices of the Supreme Court, reasonable legislators can conclude that because the Supreme Court did not say that a mother or a woman has a constitutional right to abort her child during parturition or during birth, the constitutional law is that a woman does not in fact have a constitutional right to abort her child during parturition or during birth. If the Constitution guaranteed such a right, the Court would have said so in Roe v. Wade. But they did not.

"Moreover, the more recent Planned Parenthood v. Casey case set forth the 'unduly burdensome standard.' This statute is not unduly burdensome because as Representative Ward has pointed out, there are other procedures available. This specifically prohibits one procedure. It doesn't prohibit all such procedures, the whole host of procedures that can be performed late term. So there are other procedures. And so it is not unduly burdensome.

"Also, the argument about the period between the nineteenth week and pre-viability will be reviewed in Roe v. Wade's three-part scheme, which said that legislators can act to address the health and life concerns of the mother. The fact that we might be talking about the period during pre-viability does not preclude altogether legislative action. We can act in this area, even pre-viability, when it comes to the health and life of the mother. And again, there is no medical evidence showing that the child has to be killed in order to somehow preserve the health or life of the mother.

"Mr. Speaker, I have addressed the supposed constitutional concerns. I believe that this statute is constitutional. I also believe that it is morally required.

"Unfortunately, today we all too often find that that which is morally correct is politically incorrect. Such is the sad state of popular culture today. But we are here to do what is legally correct and morally correct. This statute is both legally and morally correct. For when we diminish the value of a single life anywhere, we then diminish the value of all life everywhere. Our Constitution guarantees the right to life, liberty, and due process. This bill is consistent with that great tradition.

"So for the foregoing reasons, Mr. Speaker, I rise in strong support of this measure.

"Thank you."

The Chair stated:

"I would advise the members that we have a long day ahead of us. If you can keep your talk short, especially if you are going to repeat the same thing."

Representative Tarnas rose to speak against the bill, stating:

"I won't even attempt to repeat the comments from my distinguished colleague from Manoa. I do concur with not only his remarks on the floor, but also the dissenting report as presented in Committee. So I just want to state for the record my opposition to the measure because I feel it is unconstitutional. Also interfering with the doctor-patient relationship is truly an erosion of the woman's right to choose.

"Thank you, Mr. Speaker."

Representative McDermott rose to speak in strong support of the bill, stating:

"Mr. Speaker, first of all, I would like to thank you, I would like to thank the Chair of the Judiciary Committee, and the Chair and Vice Chair of the Health Committee. Mr. Speaker, when I think you guys are wrong, I'm the first one to point it out. And today, I want to thank you because I think you're doing a very right thing. I'm not a doctor or a lawyer, Mr. Speaker, but I do know the difference between right and wrong, and this procedure clearly is wrong.

"Mr. Speaker, reasonable people can disagree on the fundamental issue of abortion, and we do everyday. But reasonable people will not disagree that this procedure is wrong and we need to ban it.

"Mr. Speaker, I sat in the Health Committee. I was privileged to sit in the Health Committee and hear the testimony. There were about five people that testified in support of the procedure. Not one of those persons testified in favor of this procedure as a healthy, wholesome, viable alternative that we should promote its use. It was the same old arguments. The only right to choose -- doctor-patient relationships which we've heard, I believe, are erroneous.

"For those people here, Mr. Speaker, who will support partial-birth abortion in the ninth month, they will look you in the eye and say: 'yes, the fifteen-year old girl should be allowed to have a partial-birth abortion in the ninth month without telling her mom and dad.' It's ridiculous! But, Mr. Speaker, I'll be brief. Like I said, I'm not a doctor. Interestingly enough, the Hawaii Medical Association opposes this ban. However, the American Medical Association supports it. So I was a little confused.

"What are these doctors talking about? So I wrote a fellow that some of you may have heard of, a fellow by the name of Dr. C. Everett Koop. I wrote him a letter on March 6th, and I would like to read it in part to you: 'Dr. Koop, I got you a copy of the bill. Dr. Koop, I would like you to comment on the procedure known as partial-birth abortion. More specifically, do you support a ban on this procedure? Due to time constraints, I respectfully request that you furnish me a response by 9:00 p.m. eastern time Monday, March 9th. Bob McDermott.'

"I came in this morning, and on my fax machine was a reply from Dr. C. Everett Coop, former Surgeon General of the United States, not to be confused with some HMA guy. His response: 'Dear Mr. McDermott, in response to your inquiry, I know of no instance where partial-birth abortion is necessary to save the life of the mother. It is a procedure that threatens future fertility rather than secures it. I support your legislation to ban this procedure. Sincerely, C. Everett Coop.'

"I will take his opinion any day over the HMA.

"Thank you, Mr. Speaker."

Representative Santiago rose to speak in support of the bill, stating:

"First of all, Mr. Speaker, I would like to thank the author of the bill. I would like to thank the previous authors and, most important, I do want to acknowledge the very, very good work that Representative Tom and his Judiciary Committee did with this very difficult measure.

"After hearing all of the comments, I am compelled to get up today and explain, or at least justify, that this measure, which is not the first time that it came up this year, was enhanced and it will continue to be debated and discussed, and you will hear all of the opinions. I, too, am not a physician. The Health Committee heard the bill. We had over one hundred testifiers come before the Committee and many of them were physicians. They expressed their support for banning the measure.

"The bill that left the Health Committee, however, did not look at the legal ramifications, which I felt was more suitably handled in the Judiciary Committee. And after having reviewed what was done in the Judiciary Committee, after having heard the objections raised by others and the support, I one hundred percent am supporting this measure, and I believe that if nothing else, we are sending a very, very strong message that this procedure should never be done. And I am hopeful that as we move forward and this discussion continues, that we will have even further clarification if necessary.

"Thank you, Mr. Speaker."

Representative Morita rose to speak against the bill, stating:

"My only regret is that I could not sign the dissent to Standing Committee Report No. 586-98 because I was not a member of the Judiciary Committee.

"However, I would like to take the position stated in the dissent and the remarks of the Representative from Manoa as my own," and the Chair "so ordered. (By reference only)

"It is a concerted effort nationwide to undermine a woman's right of choice by focusing on the shock value of a controversial and rarely used procedure. By passage of this bill, we will have done nothing more but further cloud the issue of a woman's right of choice and infringe on a woman's right to privacy. Simply put, this bill is unconstitutional and flawed legislation."

Representative Abinsay rose to speak in favor of the bill, stating:

"Mr. Speaker, serving in the Legislature has been a privilege for me since I got appointed two years ago. I cannot think of a better way of serving the people of our State. Like everyone else here in this chamber, I take my responsibilities as a legislator very seriously. And I also believe in following my conscience.

"Mr. Speaker, I have conferred with my wife, who is a medical doctor, about the intent of this bill -- the partial-birth abortion procedure. There's no doubt in her mind that the procedure is very risky in the woman's life. And such procedure as has been explained is used after the nineteenth or twentieth week of pregnancy, often in the twenty-fourth week or later. And let me repeat one more time, Mr. Speaker: the procedure is guided by ultrasound. The doctor grabs the baby's legs with forceps. The legs are then pulled out into the birth canal. The doctor delivers the entire body, except the head. Then he jams a pair of scissors into the baby's skull. The scissors are then opened in order to enlarge the hole. The scissors are removed and a suction tube is inserted. The baby's brains are sucked out causing the skull to collapse. The dead body is then removed from the mother.

"Mr. Speaker, this is an issue that strikes a deep cord in the moral fiber of every human being. The partial-birth abortion procedure is an outrage. It is inhumane and unconscionable. It is torture in its purest form, and its victims are innocent babies who helplessly and silently writhe in pain and agony. This is an issue that challenges everyone in this chamber. This is an issue that crosses party lines. Let us go beyond and rise above it and make a decision as human beings that value the dignity of life, including that of the unborn, yet viable fetus.

"When we cast our votes on this issue, I beg each of us to search our hearts and be true to ourselves. Again, this bill does not prohibit abortion, Mr. Speaker. It prohibits the procedure of partial-birth abortion.

"The voice of conscience and, I believe, the voice of the people are calling upon us to act. And let us heed this call and pass this bill.

"Thank you, Mr. Speaker."

Representative Takumi rose to speak in support of the bill with reservations, stating:

"Mr. Speaker, I think it goes without saying that the whole issue of abortion, whether it's done through this procedure or done at all, is an issue that is emotional and froth with peril when trying to discuss it. I think the vast majority of the people who are pro-choice, for example, even though they believe in the right to choose, it's a hard decision to make. Any one of us who knows any woman who has had an abortion knows that it is not a decision that one makes lightly or in a very flippant way, particularly so when we are discussing this procedure because of its gruesome nature.

"But I stand with reservations simply because, as I read the testimony, and again I'm not a doctor nor a constitutional scholar, the concerns raised by the American College of Obstetricians and Gynecologists in the Hawaii Medical Association and those raised in the dissenting report cause me some concern, and I think this bill should go forward, go over to the Senate, and perhaps when it comes back there will be greater clarity, as the Health Chair has indicated, and at that point we can decide what to do with it.

"Thank you."

Representative Lee then rose and stated:

"Mr. Speaker, I would like to speak in strong opposition to House Bill No. 2973.

"I think we've heard plenty of opinions about this, and I would just like to say that I'm in full support of the

Dissenting Committee Report No. 586-98. I would like to insert both my written remarks and a copy of the dissenting opinion in the House Journal," and the Chair "so ordered."

Representative Lee's remarks are as follows:

"Mr. Speaker, I rise to speak in opposition to House Bill 2973, HD 2.

"I would like to say that I am in full support of the Dissenting Committee Report No. 586-98.

"Mr. Speaker, the subject of abortion is a serious personal matter.

"As a woman, I am greatly disturbed by the reconsideration of a long established public policy in Hawaii. Since 1970, the people of Hawaii have respected the right of a woman and her physician to make decisions regarding abortion.

"This is right and correct, because Hawaii is a melting pot of many peoples and many religions. The cultures to which most of the people belong accord privacy and personal choice to women. They do not enshrine doctrine for everyone.

"I am voting no for the following reasons:

"This bill puts medical decision making in the hands of legislators who are ill-prepared to make such decisions. It is dangerous for elected officials to attempt to define specific medical procedures. This may have the effect of banning accepted obstetric practices necessary to care for women.

"The plurality of our society accords individual choice and individual conscience, in accordance with our personal and religious beliefs, but this bill threatens these rights.

"By passing this bill, we as legislators are creating divisions in our community and weakening a good public policy.

"Additionally, the idea that a husband or parents of a woman who has undergone abortion have the right for relief in civil acts -- takes us back to the dark ages. Women are not the property of either husbands or parents.

"The Legislature again is being diverted by an issue which allows for posturing and emotionalism -- such an important ethical and medical issue should not be politicized.

"The more important issues of concern to the voters should be the economy and the real problems of our State. Let's do something about the problems of neglect and abuse -- especially among the children of substance abusing parents. Let's make a real difference in righting the wrongs of the real life burns, bruises, broken bones, and broken hearts of so many abused children and women.

"Let's work to bring the people of Hawaii together, not tear us apart."

"DISSENT STAND. COM. REP. NO. 586-98
Honolulu, Hawaii
March 5, 1998

RE: H.B. No. 2973, H.D. 1

Honorable Joseph M. Souki

Speaker, House of Representatives
Nineteenth State Legislature
Regular Session of 1998
State of Hawaii

Sir:

We respectfully dissent from the recommendation of your Committee on Judiciary favoring passage of House Bill 2973, House Draft 2, relating to 'partial-birth abortions' on the grounds that the bill: (1) is unconstitutional under both our federal and state constitutions; (2) unnecessarily interferes in the doctor-patient relationship and precludes the full range of medical options necessary to preserve the life and health of a woman; (3) represents the unwarranted intrusion of religion into public policy; and (4) is ultimately directed at reversing the United States Supreme Court's 1971 decision in Roe v. Wade.

A. The Law

1. Background. Abortion is, of course, one of the most difficult and divisive issues of our time. This is because it combines in a single debate deep societal differences over such basic concepts as life, health, privacy, religion, medicine and government.

This divide is only exacerbated when the issue is what its opponents have denoted as 'partial-birth abortion'. This is because the phrase refers for the most part to a late-term pregnancy termination procedure which leaves any reasonable person with feelings of great emotion and concern.

Public opinion, which we believe both nationally and locally continues to support a woman's ability to make informed choices about pregnancy in consultation with her doctor, is probably less supportive of later-term abortions. It is therefore no surprise that those who oppose Roe v. Wade and a woman's right of choice generally have focused their opposition in this area.

2. Federal and state constitutions. Each of us, when we undertook our responsibilities as members of the legislative branch, swore to "support and defend the Constitution of the United States, and the Constitution of the State of Hawaii..." It follows that we should know what is required of us as legislators under the federal and state constitutions regardless of public opinion or our own personal beliefs.

On abortion, Roe v. Wade remains the seminal decision of the U.S. Supreme Court setting forth federal constitutional requirements and protections. These have been refined and reiterated in subsequent decisions, most notably Planned Parenthood v. Casey (1992), but the basics remain the same.

Essentially (risking oversimplification), the law of our land is that a woman may choose to abort up to the point of fetal 'viability,' meaning the ability to survive outside the mother's womb. 'Viability' is a medical concept to be determined by medical doctors. After viability, a woman's right to an abortion may be restricted by a state 'except where it is necessary, in appropriate medical judgment, for the preservation of the life or health of the mother....'

These federal constitutional requirements arise from basic due process, including the right of privacy which has been inferred from the U. S. Constitution. In contrast, our State Constitution includes at Article I, Section 6 an express right of privacy, and the history of that provision reflects that it was proposed and ratified in part to assure a woman's right of choice. Thus, while the

Supreme Court of Hawaii has not directly addressed the state constitutionality of state abortion laws or regulations, there is every legal reason to expect that it would afford greater constitutional protections to women than already mandated under our federal constitution.

Bills similar to this proposal have been enacted in other states and subsequently challenged on federal and state constitutional grounds. Of the thirteen state statutes thus far challenged, eleven have been ruled unconstitutional. These include Alaska and Montana, whose constitutions include express rights of privacy similar to Hawaii's.

B. The Proposal

'Partial birth abortion' is not a medical term, but section 1 of the current proposal describes the medical procedure of 'intact dilation and extraction' ('intact D & X'). That section also proposes legislative findings that there are 'no medical conditions' under which intact D & X is appropriate, and that this bill has no impact on a woman's right to choose an abortion consistent with Roe v. Wade...

Section 2 of the draft proposes a new chapter with three proposed new statutory sections. The second of those (Definitions) defines 'partial-birth abortion broadly rather than intact D & X specifically and could therefore encompass many other termination procedures.

The first proposed new statutory section (Partial birth abortions prohibited) states that a physician may not knowingly perform a 'partial-birth abortion after the nineteenth week of a woman's pregnancy' (although viability is medically recognized as occurring several weeks later). An exception is proposed where necessary to 'save the life' of the woman (but not to preserve her health).

The third proposed new section (Civil action; relief) gives the 'father' the right to bring a civil action against the physician performing an unauthorized 'partial-birth abortion'. The 'maternal grandparents' are provided the same right if the 'mother' is under the age of eighteen.

C. Dissent

1. Unconstitutionality. We do, on occasion, propose laws as to which there is a reasonable question of constitutionality. But where we support proposals which are clearly unconstitutional, we violate our legislative oath.

This is a case of the latter. First, the bill is unconstitutionally void for vagueness because it does not adequately describe to women, physicians and others what they can and cannot do. Second, in direct violation of Roe v. Wade, it either provides a legislative (not medical) definition of viability, or precludes a woman's constitutional right of choice between the nineteenth week and viability. And third, in direct violation of Roe v. Wade, it provides no exception for post-viability terminations necessary to preserve the woman's health.

2. Public policy. One of the cornerstones of our public policy in the area of health is preservation of the doctor-patient relationship. This relationship will assume even greater importance, and will come under increasing attack, as medical advances present increasingly difficult decisions.

Ultimately, these decisions are best left to the personal, moral, ethical and religious convictions of patients and those close to them in consultation with the medical experts they trust. This proposal, of course, runs directly contrary to that sound public policy.

Additionally, the testimony and medical literature clearly demonstrates that intact D & X, while a little-used procedure, may nonetheless be the most appropriate procedure in certain circumstances to preserve a woman's life and health. Its legislative preclusion is not only unconstitutional, but denies to physicians and their patients the full range of medical options to address differing circumstances.

3. Religion. The proper role of religion in government is its own divisive current issue. The testimony on this bill made clear that many approach this question from a religious perspective, and that there are diverse religious views.

The right of citizens to support or oppose a legislative proposal based on their religious beliefs is unquestioned, just as is the right of any woman to apply the role of religion in her life to the incredibly difficult decision to terminate a pregnancy. But, given the diversity of religious thought in our state and country as well as our constitutional tradition (and mandate) of religious tolerance, government should avoid taking sides in religious disagreements or imposing specific religious beliefs on others.

4. Roe v. Wade. When the dust clears, this bill must ultimately be recognized as part of a carefully-crafted national effort to overturn Roe v. Wade and restrict if not deny a woman's right of choice. That decision has been as difficult throughout its history as the issue it addresses, but, as the U. S. Supreme Court noted in Planned Parenthood v. Casey, it has not proved 'unworkable'.

For this and all other reasons discussed above, we cannot and should not participate in this effort. Nor are we alone in this conclusion: among those testifying against this proposal were the Department of Health, Hawaii Medical Association, American College of Obstetricians & Gynecologists, Hawaii Women Lawyers, American Association of University Women, League of Women Voters, First Unitarian Church, and many other organizations and individuals. We therefore cannot recommend passage of H.B. No. 2973, H.D. 2 on third reading.

Respectfully submitted by the following members of your Committee on Judiciary,

ED CASE, Member
MARILYN B. LEE, Member
CYNTHIA H. THIELEN, Member"

Representative Whalen rose to speak in support of the bill, stating:

"It has been discussed that this bill is unconstitutional, Mr. Speaker. Whether the bill is unconstitutional or not, on the nationwide scheme I think it is debatable, but in this State, with our State Supreme Court, I would not be surprised for an instant that it would be struck down as unconstitutional under our State Constitution. However, unlike the previous speaker who addressed this topic in more detail, I don't think that should stop us from voting for this bill.

"At one point, slavery was ruled constitutional in this land, and when our Constitution was written there were many abortion laws that were prohibited. What we have is a judicial system that is not elected, that makes laws for us that we all have to live by. And Mr. Speaker, I don't think that we should just throw in the towel and say: yes, we'll live by the dictates of five, seven or nine people, whoever is sitting up there, but we will continue to press for what we believe our laws should be. And I do not

believe this responsibility to support opinions that change through the makeup of the Supreme Court, whether it be on the state or national level, that clearly vacillate, depending on who's sitting on the bench.

"Mr. Speaker, Chair Tom, I believe, did as good a job as possible to write this bill in the form to have it pass constitutional muster while still giving it enough teeth to accomplish our goal of banning this procedure.

"Just one other thing, Mr. Speaker. Roe v. Wade, to illustrate my point about the Supreme Court trying to issue dictates better left to the Legislature which can change and adapt the law to the technology that's there, they said in the third trimester, abortions can be regulated in concern of life and the viable fetus. They said once a fetus is viable, you can restrict abortions. While at that point they said that it was the beginning of the third trimester, with the medical advances that we have today, the viability age has gone down. The fetus becomes viable much earlier.

"However, the constitutional law is just stuck at what they said. It's been addressed as time goes along with subsequent cases, but this illustrates the point that the Supreme Court has no business locking in the law of the land, or the country, or the state by what they think is right or wrong and is really not in the Constitution.

"I said I'll be brief so I'll end it here, Mr. Speaker."

Representative Menor then rose and asked the Clerk to record an aye with reservations for him, and the Chair "so ordered."

Representative Hiraki submitted the following remarks for insertion into the Journal:

"Mr. Speaker, I support this bill but do have some reservations. Thank you."

Representative Marumoto submitted the following remarks for insertion into the Journal:

"Mr. Speaker, I rise to speak in favor of the bill with reservations.

"While I am pro-choice, I am voting for this bill because there have been good-faith efforts to clarify and further define the procedure being banned, and because the criminal penalties against doctors have been removed. However, I still have some serious reservations regarding the measure.

"This bill calls for penalties to be invoked if the procedure is performed starting in the nineteenth week of pregnancy -- still in the second trimester. I object to this intrusion into the pre-viability period because it conflicts with the intent of Roe v. Wade. The bill should be amended to cover pregnancies over 25 weeks -- one week after six months has elapsed -- or later.

"Also, I believe that cases covered by this measure should be subject to, at a minimum, a hearing by the Board of Medical Examiners before a license is revoked. We might not be able, in all of our collective wisdom, to anticipate every problem that might occur with a pregnancy -- or that might necessitate the use of such a procedure. Doctors must often make decisions in an emergency situation -- without benefit of time or a committee.

"The testimony from people who needed D&X extraction performed upon them for health reasons at full term is compelling. Each individual case must be considered carefully, by doctors and their patients.

"I hope these concerns will be addressed as the bill progresses. Thank you, Mr. Speaker."

Representative Meyer submitted the following remarks for insertion into the Journal:

"Mr. Speaker, I would like to speak in strong support of H.B. 2973, HD 2. I cannot state emphatically enough that this bill is intended to prevent a cruel and unethical practice. It is my personal belief that at the time of conception a child's life has begun, but at 20 weeks a fetus has developed to such an extent there should be no question that the fetus is a viable life. This bill is about protecting the child during the process of birth and outlawing a bad medical practice.

"Some opponents of H.B. 2973 have commented that this bill would interfere in the doctor-patient relationship, yet the law does allow for legitimate exceptions where the life of the mother is at risk. This bill also would not criminalize a doctor for doing this procedure -- the doctor would go before a medical examiner to see if the procedure was justified.

"I am happy to be here today to vote in favor of H.B. 2973, HD 2."

The motion was put to vote by the Chair and carried, and the report of the Committee was adopted and H.B. No. 2973, HD 2, entitled: "A BILL FOR AN ACT RELATING TO PARTIAL-BIRTH ABORTIONS," passed Third Reading by a vote of 41 ayes to 10 noes, with Representatives Case, Garcia, Kanoho, Lee, Morita, Saiki, Suzuki, Takamine, Tarnas and Thielen voting no.

Stand. Com. Rep. No. 587-98 and H.B. No. 3028, HD 1:

On motion by Representative Okamura, seconded by Representative M. Oshiro and carried, the report of the Committee was adopted and H.B. No. 3028, HD 1, entitled: "A BILL FOR AN ACT RELATING TO LONG-TERM CARE," passed Third Reading by a vote of 51 ayes.

Stand. Com. Rep. No. 588-98 and H.B. No. 3496, HD 2:

On motion by Representative Okamura, seconded by Representative M. Oshiro and carried, the report of the Committee was adopted and H.B. No. 3496, HD 2, entitled: "A BILL FOR AN ACT RELATING TO HOUSING," passed Third Reading by a vote of 51 ayes.

Stand. Com. Rep. No. 589-98 and H.B. No. 2788, HD 1:

On motion by Representative Okamura, seconded by Representative M. Oshiro and carried, the report of the Committee was adopted and H.B. No. 2788, HD 1, entitled: "A BILL FOR AN ACT MAKING AN APPROPRIATION FOR THE CLEAN HAWAII CENTER," passed Third Reading by a vote of 51 ayes.

Stand. Com. Rep. No. 590-98 and H.B. No. 3468, HD 2:

On motion by Representative Okamura, seconded by Representative M. Oshiro and carried, the report of the Committee was adopted and H.B. No. 3468, HD 2, entitled: "A BILL FOR AN ACT RELATING TO HAWAII HEALTH SYSTEMS CORPORATION," passed Third Reading by a vote of 51 ayes.

Stand. Com. Rep. No. 591-98 and H.B. No. 2549, HD 1:

Representative Okamura moved that the report of the Committee be adopted and H.B. No. 2549, HD 1, pass Third Reading, seconded by Representative M. Oshiro.

Representative Moses rose to speak against the bill, stating:

"I basically said a lot of this on Second Reading but I am going to say it again. This is the measure that talks about the sports complex that's currently under design for Kapolei. The bill goes on to say that it's a great idea. We really need it, the State needs it, everybody needs it, everybody wants it. But then it says on page 4: 'However, rather than limiting the site to Ewa, the Legislature finds that other areas throughout the State should be re-examined for possible site location of the complex.'

"I say: 'little late, we've already set aside the money last session -- \$27.75 million.' We're designing the road networks, we're making a lot of other plans in the region to accommodate the facility, and to have the facility actually be part of the community and not just an add-on. It's right outside Barbers Point where we're going to have about thirteen hundred acres of recreational facilities. It's right next to Ko Olina where we have one resort and room for about three more, just waiting for something like this to bring the economic boon that we need in the region and in the State. So I am having a lot of difficulty trying to decide: why now do we want to stop all of those things?

"Are we talking about, in this bill, the possibility of a second sports complex? If so, someone needs to tell me that. The bill doesn't say it. If we're talking about stopping the one that's underway, why are we going to do that? So I am just very confused. I see no logical reason to spend money investigating other options when we've already done that in the past.

"So, Mr. Speaker, on this measure, I am opposed and I am voting no.

"Thank you."

Representative Cachola then rose to speak in strong support of the bill, stating:

"Mr. Speaker, this bill is an economic revitalization bill. I think the legislator from Kapolei is misreading this bill. What it does, Mr. Speaker, is attracting private investors from foreign countries, as much as possible, with no funds paid by the State of Hawaii.

"The vision of this bill, Mr. Speaker, is to at least have the whole league -- let's say, a Japan or American baseball team -- the entire league coming down here and building this training complex.

"The rationale for that, Mr. Speaker, is making the cost less prohibitive by dividing this cost of building the complex among league members. That is the vision of this bill. When the league chooses the Big Island, Maui or Kauai, once they set up this kind of complex in the different islands, there will be interleagues among the East and West teams. Not only that, Mr. Speaker, I think we have learned from experience from the mainland, especially Arizona and Florida, that if there are a lot of teams playing in those places, that they will have a lot of media coverage, and that will also help the State of Hawaii have media coverage, thereby reducing our promotion and marketing dollars.

"Those are the reasons, Mr. Speaker, why I am speaking in support of this bill, and I urge all the members to vote aye on this bill.

"Thank you."

Representative Ahu Isa rose in support of the bill, stating:

"I was not one of the original signers on to this Majority Package bill, but my Chair of Tourism has convinced me that it is a good bill, and I now vote in favor of the bill.

"Thank you, Mr. Speaker."

Representative Kahikina submitted the following remarks for insertion into the Journal:

"Mr. Speaker, my supportive reservations to this measure is that the City and the State have identified the Kapolei area as the site for a sports complex. This measure would open up the process to consider other sites that may jeopardize the Kapolei site that the community has approved, through a long and straineous process."

The motion was put to vote by the Chair and carried, and the report of the Committee was adopted and H.B. No. 2549, HD 1, entitled: "A BILL FOR AN ACT RELATING TO SPORTS," passed Third Reading by a vote of 48 ayes to 3 noes, with Representatives Marumoto, Meyer and Moses voting no.

The Chair directed the Clerk to note that H.B. Nos. 2973, 3028, 3496, 2788, 3468 and 2549 had passed Third Reading at 10:35 o'clock a.m.

Stand. Com. Rep. No. 592-98 and H.B. No. 3065, HD 2:

Representative Okamura moved that the report of the Committee be adopted and H.B. No. 3065, HD 2, pass Third Reading, seconded by Representative M. Oshiro.

Representative Tarnas rose to speak against the bill, stating:

"Mr. Speaker, my opposition is really only to one very small change in the bill, and that is to delay for one year the cigarette tax increase that we enacted last session, from 1998 to 1999. I see no reason for that change.

"Thank you, Mr. Speaker."

Representative Takai rose to speak against the bill, stating:

"You know, last year the Legislature passed a bill increasing the cigarette tax from 60 cents a pack to a dollar a pack. We were the first State in the nation to do so and since then a couple of others have followed.

"I don't understand why this year we are taking a look at deferring the last part of the increase, the last twenty cents, another year, in light of the economy, in light of the decreasing revenues.

"I would hope that this Legislature consider keeping the cigarette tax increase to a dollar and using those revenues, like we mentioned last year, for public health, health education and tobacco prevention. As you can tell from the Stand. Com., a number of organizations opposed this measure for a number of reasons, but more specifically, because of the decrease in the cigarette tax.

"The Attorney General's Office, the Department of Health, the Coalition for Tobacco Free Hawaii, the Campaign for Tobacco Free Kids, American Lung Association, all opposed this bill.

"In addition, Mr. Speaker, last year we discussed another measure concerning stamping of cigarette packs. This year we tried to address it in this measure, and I would hope that we finally decide on how we're going to implement the stamping of either untaxed or taxed cigarette packs.

"However, I take some exception to any comments made by the Tax Foundation of Hawaii. Last year, at the very end, in the eleventh hour 59th minute of the Legislature, they sent to us on our desks, a memo that basically yanked the tobacco stamping bill and they come now with another report supporting another tobacco stamping bill. And I will just caution the Legislature and my colleagues about any comments made by the Tax Foundation of Hawaii, especially since they get some of their revenues from tobacco companies.

"Thank you, Mr. Speaker."

Additional remarks by Representative Takai are hereby inserted:

"Mr. Speaker, I would like to add a few additional points to the statement I made on the House floor regarding H.B. No. 3065.

"This bill, in its original form, attempts to dismantle the cigarette excise tax passed by the 1997 State Legislature. The premise of the bill is that because of the difference in the retail (tax-paid) and military (tax-exempt) price of cigarettes, Hawaii would experience large scale (container-sized) smuggling, as well as an increase in the 'gray market' purchases from Hawaii's military installations. This premise was based on an April 1997 report by the Tax Foundation of Hawaii.

"Further, at the public hearing, there were reports, which are unconfirmed, that smuggling was occurring. What was inconsistent with the Tax Foundation report was that the smuggling was coming through the port of Honolulu -- a different story.

"I feel very strongly that the Legislature should not be led by speculation or by rumor. If there is such large-scale smuggling operations, then those who know about them must fulfill their obligation to society by providing law enforcement with the information. It is not up the Legislature to become the police for certain matters.

"This bill appears to be a smokescreen by the tobacco industry to dismantle Hawaii's hard won and nationally acclaimed tobacco tax. The result would be that more of our children would become smokers and that, in years to come, the State would have to pick up the costs for their medical treatment.

"In states across the country where the cigarette excise tax has been raised, the tobacco industry has attempted to create a climate of distrust for this action on the basis of claims of black marketing, cross border sales and smuggling. I see no difference in the apparent tactics being used here in Hawaii.

"This Legislature needs to be careful not to be led by claims that the new tax is not having the desired impact upon youth and that the State is losing revenue as a result of the new and higher tax.

"First, it is far too early to determine whether large numbers of youth are not purchasing cigarettes as a result

of the price differential, particularly because the Legislature decided to implement the tax in two stages. Data should be collected following the implementation of the \$1.00 a pack tax.

"This is far too early to make judgments about the effect to the measure. Second, this measure was never intended to be a revenue generating measure; it was a public health measure. As such, revenues from cigarettes excise taxes should never be part of long-term revenue projections. If few individuals are regular smokers, then we as a State will collect fewer dollars. Similarly, it is too early to claim that a declining revenue trend has been created.

"The tobacco industry has and will likely do anything to continue to create an atmosphere where it is possible for more new customers (our children) to be able to acquire this life-long and life-shortening addiction. I appeal to my colleagues not to be herded by the tobacco industry's unfounded and unproven claims.

"I believe that a stamping mechanism is needed to help the Department of Taxation and other regulatory and law enforcement agencies distinguish between tax-paid and tax-exempt cigarettes. This provision of H.B. 3065 is appropriate, but the rest of the bill is a tool of the tobacco industry and its allies to dismantle a progressive public health achievement of this Legislature and this State. Let us be clear about the intent and the motives of this bill.

"Thank you, Mr. Speaker."

Representative Thielen rose to speak against the bill, stating:

"Mr. Speaker, my opposition is the same as expressed by the Representative from Kona/Kohala.

"Thank you, Mr. Speaker."

Representative M. Oshiro then rose to speak in support of the bill, stating:

"Mr. Speaker, it is my understanding, after reviewing the Standing Committee Reports from both the Judiciary and Finance Committees, that there is some reason behind this change in position from last year. The Judiciary Committee basically stated that Hawaii currently does not have a tax stamping policy or a tax stamping practice on its cigarettes. And in effect of that, there is no way of knowing by visual inspection whether the tax has been paid on cigarettes which are offered for sale in the State. The Committee did cite to the 1997 April Tax Foundation research article entitled: 'Perspectives on the Hawaii Tobacco Tax,' indicating there that a substantial leakage of untaxed cigarettes into the civilian market from military bases which is creating a substantial tax revenue loss.

"The Committee felt that at this point in time they would rather defer any increase in cigarette tax because there is no appropriate mechanism, Mr. Speaker, in place to ensure that the current tax is being paid. If they were to do so, it would automatically encourage more and more leakage, more and more bootlegging, and more and more development of the underground black market tobacco economy. The Committee states that this bill addresses the problem of sales of untaxed cigarettes by requiring that tax stamping be done.

"It is for these reasons, Mr. Speaker, that I support this bill.

"Thank you."

Representative Moses rose to speak in support of the bill, stating:

"I am opposed to the portion of the bill that requires the federal government to tax stamp cigarettes. I talked about this since last year. I don't think we have the right to do that. I think ships in the harbor are federal property, they are not in the State per se, and it is very difficult to try to make something like this happen. I have no problem if it was a federal tax stamp that was on there for all cigarettes everywhere, but to say that it is a Hawaii stamp is a little bit of a problem for me. What about ships that come in from Guam, or wherever? Are you going to start making them put a local stamp on the cigarettes they already have in the ship store? I don't know.

"The bases are the same factor. The military bases, that's federal property. So I have that problem. If the problem is that some people are against this bill because of the delay in taxes, that's why I'm for the bill now, because it will at least allay this tax another year.

"However, if the problem is smoking, ban it. I mean, if that's really the problem, if people say for health issues, the people should not be smoking, then ban it, but we are not doing that. So I have mixed emotions about the bill, but I will vote for it solely because it delays that tax another year, and taxes are not good, Mr. Speaker."

The motion was put to vote by the Chair and carried, and the report of the Committee was adopted and H.B. No. 3065, HD 2, entitled: "A BILL FOR AN ACT RELATING TO TAXATION," passed Third Reading by a vote of 44 ayes to 7 noes, with Representatives Arakaki, Marumoto, Pendleton, Takai, Takumi, Tarnas and Thielen voting no.

Stand. Com. Rep. No. 593-98 and H.B. No. 2909, HD 2:

Representative Okamura moved that the report of the Committee be adopted and H.B. No. 2909, HD 2, pass Third Reading, seconded by Representative M. Oshiro.

Representative Jones rose to speak in support of the bill, stating:

"Mr. Speaker, the Hawaii Agriculture Research Center is one of the leading research agencies in the State. They do a lot of research for our agricultural commodities, especially the smaller agricultural commodities.

"Unlike the past, all State funds going to this agency, and again because of the shortfall of the general funds, we require matching funds from the private sector. The matching funds required will either be on a one-to-one basis -- one state to one industry funds -- or on a three-to-one basis.

"This is a good bill that in many ways will help to stimulate our economy. I urge everyone to support this measure.

"Thank you."

Representative Abinsay submitted the following remarks for insertion into the Journal:

"Mr. Speaker, the purpose of this measure is to provide the necessary funds to assist in maintaining current levels of agricultural research at the Hawaii Agricultural Research Center.

"The Hawaii Agricultural Research Center (HARC) serves as a model of private-public partnership for

agricultural research. Most of HARC funding comes from the private sector, funds used to benefit farm production and the local economy. HARC seeks to help increase commercial production through crop improvement programs focusing on improving agricultural practices, and producing superior planting materials through plant breeding and selection.

"Funding assistance from the State will help support agricultural research at HARC. HARC will continue to be a key resource in the State's efforts to strengthen and improve the agricultural industry and thereby, create employment opportunities for Hawaii's residents.

"Mr. Speaker, by creating employment opportunities, it will eventually help improve the economy of the State.

"For these reasons, I ask this body to support passage of H.B. No. 2909, HD 2.

"Thank you, Mr. Speaker."

The motion was put to vote by the Chair and carried, and the report of the Committee was adopted and H.B. No. 2909, HD 2, entitled: "A BILL FOR AN ACT MAKING AN APPROPRIATION FOR AGRICULTURAL RESEARCH AND DEVELOPMENT," passed Third Reading by a vote of 51 ayes.

Stand. Com. Rep. No. 594-98 and H.B. No. 3020, HD 1:

Representative Okamura moved that the report of the Committee be adopted and H.B. No. 3020, HD 1, pass Third Reading, seconded by Representative M. Oshiro.

Representative Kahikina submitted the following remarks for insertion into the Journal:

"Mr. Speaker, in accordance with Article XVI, Section 7, Compliance with Trust, Hawaiian Homes Commission Act 1920, 213.6(l), the Native Hawaiian Rehabilitation Fund should fulfill the spirit and intent of the Act, in empowering the DHHL to maximize their ability to service the qualified native Hawaiians to their entitlements. In doing what this measure is set out to do, my hope is that the DHHL will serve more native Hawaiians since its creation in 1920, of which less than seven thousand native Hawaiians have awards.

"I support this bill and hope that the intent does not create a false intention that the Commissioners stray from putting native Hawaiians on the land and not to be investors of this fund."

The motion was put to vote by the Chair and carried, and the report of the Committee was adopted and H.B. No. 3020, HD 1, entitled: "A BILL FOR AN ACT RELATING TO THE HAWAIIAN HOMES COMMISSION ACT OF 1920, AS AMENDED," passed Third Reading by a vote of 51 ayes.

Stand. Com. Rep. No. 595-98 and H.B. No. 3164, HD 3:

Representative Okamura moved that the report of the Committee be adopted and H.B. No. 3164, HD 3, pass Third Reading, seconded by Representative M. Oshiro.

Representative Santiago rose to speak in favor of the bill, stating:

"Mr. Speaker, I just wanted to make sure that the members understood how important the Peer Education Program really is. I sit as the Chair of the Health Committee and as a member of the Education Committee

and I was able to hear the testimony that went through both committees before it was finally referred to the Finance Committee. I truly would like to make sure that this measure survives the entire process intact and with funding as we are removing the Peer Education Program from the Health Department and putting it in the Department of Education with clear understanding that the health component remains intact. And I just wanted to make sure that the comments were reflected in the Journal.

"Thank you, Mr. Speaker."

Representative Abinsay submitted the following remarks for insertion into the Journal:

"Mr. Speaker, in 1988, the Department of Education, in partnership with the Department of Health, funded and implemented a health program for teenagers in secondary schools. The program known as the Peer Project was intended to enhance self-esteem among teenagers, facilitate communication between teenagers and their parents, incorporate conflict management techniques and in-group discussions, and provide counseling. A decade later, statistics would show the success of this program. Statistics would also show, and I believe, that there is an ongoing need to continue funding for this program.

"Mr. Speaker and members of the House, we cannot afford to cut programs like the Peer Education Program, that over the years have proven benefits for the young people of the State of Hawaii. Please, I urge everyone to support this measure.

"Thank you, Mr. Speaker."

Representative Meyer submitted the following remarks for insertion into the Journal:

"I would like to speak in support of H.B. 3164, HD 3, with reservations. I would like to begin by stating that I am in strong support of the Peer Education Program (PEP). With that said, I must voice my concern that this bill provides no funding to support PEP. Without any funding, this bill is useless. Passing this bill is an exercise in attempting to look like the Legislature is taking some action to support the program, but in fact without financial support the program will end. The Peer Education Program needs more than our spoken and written support, it needs our financial support. We are passing H.B. 3164, which provides no money for PEP, while H.B. 2500 (the State budget) is eliminating this program entirely.

"I would also like to voice my reservations about transferring the program from the Department of Health to the Department of Education. I believe the Department of Health has more expertise and resources than could be provided by the Department of Education. The issues dealt with in PEP are most often health education issues -- teen pregnancy, HIV and STDs, and drug and alcohol abuse. If this bill is passed as is and the program is transferred into the DOE with no funding, I would ask that the DOE please try to find the money to continue this wonderful program.

"The Peer Education Program is a super program for the students who take the PEP classes, as well as those who are educated and helped by PEP students. PEP has proven its effectiveness at educating students about HIV and STD (with the goal of reducing rates of STD/HIV transmission), educating students about teen pregnancy (with the goal of reducing teen pregnancies), and educating students about drug and alcohol abuse (with the goal of reducing drug and alcohol abuse as well as preventing drug and alcohol-related accidents). The goals

of PEP, and what is actually accomplished, will provide a savings to the State in the long run. Less cases of HIV and STD means less public money spent on treating these diseases as well as better health for individuals; a decrease in teenage pregnancy rates means less money spent on public assistance to teenage mothers and increased rates of high-school graduation; and decreased drug and alcohol abuse means less crime, less accidents, and healthier individuals.

"The program does much more than I could ever say here. It is worth its weight in gold. PEP provides positive peer pressure to counteract the negative peer pressure so common today. Students in the program share experiences, counsel young kids in need of guidance, act as a role model for their peers, and provide information to many other students. The money that would be needed to support this program would be a small price to pay for the positive and sometimes life-changing effects on a school and community created by the Peer Education Program.

"I can only hope for a miracle, perhaps in the budget conference process, funding will be found to reinstate this program."

The motion was put to vote by the Chair and carried, and the report of the Committee was adopted and H.B. No. 3164, HD 3, entitled: "A BILL FOR AN ACT RELATING TO THE PEER EDUCATION PROGRAM," passed Third Reading by a vote of 51 ayes.

Stand. Com. Rep. No. 596-98 and H.B. No. 3454, HD 2:

Representative Okamura moved that the report of the Committee be adopted and H.B. No. 3454, HD 2, pass Third Reading, seconded by Representative M. Oshiro.

Representative Arakaki submitted the following remarks for insertion into the Journal:

"Mr. Speaker, in behalf of those legislators of Okinawan ancestry and for the Hawaii United Okinawan Association, let me say: 'Ippe nihe debiru,' thank you for voting in favor of House Bill 3454. Let me especially thank the Committees on Culture and the Arts and Finance for hearing and passing the bill out.

"During the 90th Anniversary celebration of Okinawan immigration to Hawaii, I played the role of Kyuzo Toyama, the man who brought the first 26 immigrant plantation laborers to Hawaii from the village of Kin in Okinawa. The celebration of the 100th Anniversary of immigration from Okinawa to Hawaii will be especially significant to Hawaii's Okinawan community as it remains a tight-knit group of Japanese-Americans, proud of their culture and heritage.

"While the appropriation remains an important part of the bill, the more important part is the recognition of the significance of the anniversary and the establishment of the commission to plan for the celebration.

"Thank you, Mr. Speaker and colleagues, for supporting the bill. Okage sama de."

The motion was put to vote by the Chair and carried, and the report of the Committee was adopted and H.B. No. 3454, HD 2, entitled: "A BILL FOR AN ACT ESTABLISHING A COMMISSION TO CELEBRATE THE ONE HUNDREDTH ANNIVERSARY OF THE ARRIVAL OF OKINAWANS TO HAWAII," passed Third Reading by a vote of 51 ayes.

Stand. Com. Rep. No. 597-98 and H.B. No. 2957, HD 2:

On motion by Representative Okamura, seconded by Representative M. Oshiro and carried, the report of the Committee was adopted and H.B. No. 2957, HD 2, entitled: "A BILL FOR AN ACT RELATING TO HUNTING LICENSES," passed Third Reading by a vote of 50 ayes to 1 no, with Representative McDermott voting no.

Stand. Com. Rep. No. 598-98 and H.B. No. 2771, HD 1:

Representative Okamura moved that the report of the Committee be adopted and H.B. No. 2771, HD 1, pass Third Reading, seconded by Representative M. Oshiro.

Representative Saiki rose and asked for a conflict ruling, saying that one of their clients has a settlement agreement that is included in the bill, and the Chair ruled "no conflict."

Representative M. Oshiro rose and asked for a conflict ruling, saying that he may be representing someone with a claim against the State, and the Chair ruled "no conflict."

Representative Pendleton rose and asked for a conflict ruling, saying that his former law firm is representing clients which may be impacted by this bill, and the Chair ruled "no conflict."

Representative Say rose to speak in support of the bill, stating:

"I just wanted to stand in support of this measure and ask the members to think about the creativity done by the Committee on Finance in regards to claims against the State, whereby we were asking the respective departments who are held liable to pay for these claims. That would be the Department of Transportation, Highways Division.

"And second, we also had another bill in regards to claims against the State whereby these inmates that are in our correctional centers, those awards will be going to the Criminal Injuries Compensation Board.

"Thank you."

The motion was put to vote by the Chair and carried, and the report of the Committee was adopted and H.B. No. 2771, HD 1, entitled: "A BILL FOR AN ACT RELATING TO THE RELIEF OF CERTAIN PERSONS' CLAIMS AGAINST THE STATE AND PROVIDING APPROPRIATIONS THEREFOR," passed Third Reading by a vote of 51 ayes.

Stand. Com. Rep. No. 599-98 and H.B. No. 2845, HD 2:

On motion by Representative Okamura, seconded by Representative M. Oshiro and carried, the report of the Committee was adopted and H.B. No. 2845, HD 2, entitled: "A BILL FOR AN ACT RELATING TO EARLY INTERVENTION," passed Third Reading by a vote of 51 ayes.

Stand. Com. Rep. No. 600-98 and H.B. No. 2856, HD 2:

On motion by Representative Okamura, seconded by Representative M. Oshiro and carried, the report of the Committee was adopted and H.B. No. 2856, HD 2, entitled: "A BILL FOR AN ACT RELATING TO

HAWAII HEALTH SYSTEMS CORPORATION," passed Third Reading by a vote of 51 ayes.

Stand. Com. Rep. No. 601-98 and H.B. No. 2987, HD 1:

Representative Okamura moved that the report of the Committee be adopted and H.B. No. 2987, HD 1, pass Third Reading, seconded by Representative M. Oshiro.

Representative Halford rose to speak against the bill, stating:

"Hawaii's animal quarantine is good and has been done for many years under the Department of Agriculture and the Executive budget. This proposal is to create a new special fund with its own budget and State employees. As with other special funds, this new entity will fall outside the scrutiny of the Executive budget process. Its income, spending and employee costs will be included in neither the State budget nor the general fund analysis. Part of the reason that the Administration is unsure of the number of State employees is because so many State workers are employed outside the formal budget process.

"This new special fund, this new special entity, will join the other special funds with assets over \$1.5 billion, with economic activity measuring billions of dollars per year and thousands of State employees, all outside the budget process.

"In 1992, the State Auditor recommended eliminating over fifty special funds. We did not comply with that request. A major problem with many of these special funds is that our departments and Hawaii's private non-profits cannot compete with special funds for funding. Even though a particular special fund program may be inefficient and wasteful in providing services, its activity is beyond scrutiny and its resources not available to more productive service providers of our community.

"I believe we should continue animal quarantine within our Executive budget.

"Thank you."

Representative Meyer rose to speak against the bill, stating:

"I seriously question the rationale behind giving more autonomy to an organization that has been the target of many grievous complaints by its users. The creation of an Animal Quarantine Special Fund will do just that. The bill takes away the Legislature's ability to oversee the financial management of the Quarantine Station's operations which, in past years, have come under serious criticism by their customers. Complaints on the Quarantine Station concern issues of lack of notification when animals become sick, and sanitary conditions of the individual kennels.

"People are questioning what their money is really being used for. I believe it is a mistake to move in this direction. We should further investigate some of the complaints that are going on there before we create a special fund.

"Thank you, Mr. Speaker."

Representative Fox rose to speak against the bill, stating:

"For the reasons given by the preceding two speakers, I think we should be very careful about taking money out of

the general fund and setting it up in an area where there is less scrutiny, in special funds.

"I would like to call the attention of you, Mr. Speaker, and the rest of the body to the headline in today's newspaper which talked about the Auditor finding serious problems in the Highway Division of the Department of Transportation. This is absolutely relevant to the issue under discussion. The special fund operations of the Department of Transportation is undoubtedly full of a lot of problems that we'll get to if we had much closer scrutiny. I'm a freshman legislator and still learning, but one thing I am beginning to learn is that if you put the money in special funds, it gets a lot less attention. That revenue is coming into the general fund to pay for the animal quarantine area, so we don't need to worry about getting any more revenue. The revenue is in and it is going out. Let's keep it in the general fund.

"Thank you, Mr. Speaker."

Representative Jones rose to speak in support of the bill, stating:

"The purpose of House Bill 2987, HD 1, is to establish a Quarantine Special Fund in the Department of Agriculture which shall be used for the operations of the Animal Quarantine Station. All moneys received by the Board of Agriculture is fees for the quarantine of cats, animals and other carnivores and will be deposited into this special fund.

"The primary reason for establishing this special fund for the Animal Quarantine Station is to make the program self-sufficient, in light of the serious shortfall anticipated in the State's general fund program. What this bill is saying is, rather than cut back, this program needs to be self-sufficient and by making it special fund, this program will still remain under the purview of the Legislature like all special funds. To expend money from this special fund, the program will still have to come to the Legislature as do other programs that are special funded.

"So, basically again, because of the anticipated shortfall in the general fund revenues, this transfer of the funding for this program is necessary, and I urge everyone to support this measure."

Representative Abinsay then rose to speak in support of the bill, stating:

"As explained by the Chairman of the Agriculture Committee, by law the Quarantine Station must be self-sustaining. In light of our economic situation, there is clearly a need to demonstrate that State programs can support itself. The Rabies Prevention Program generates enough revenues from user fees, and is therefore able to do that.

"The special fund will be administered by the Department of Agriculture. As we all know, because of the Rabies Prevention Program, we do not have rabies problem in Hawaii.

"This is a very worthy measure, and I urge everyone to support its passage.

"Thank you, Mr. Speaker."

Representative Marumoto submitted the following remarks for insertion into the Journal:

"The Quarantine Station is one governmental function that I consider suitable for privatization. The possibility should be examined for cost savings, efficiency and service.

"Should the program become 'special-funded' and 'self-sufficient', then it is less likely to be privatized, scrutinized, and right-sized. Also, in an effort to be self-sufficient, the department might raise fees substantially in order to fit program expenses. And now thanks to new technology and a shorter quarantine period, a fee decrease might be in order.

"Having just gone through the budget process with the House Finance Committee, it is apparent that general funded programs were investigated carefully for cost control. Special funded programs received much less scrutiny. A special funded program is less likely to be eliminated, staff is less likely to be downsized, and funds are less likely to be reduced. Though the Legislature could theoretically wipe out the program, the special funded, self-sufficiency gives it a greater degree of protection.

"There is often an up side to make programs self-sufficient, and in this case, a nexus clearly exists. However, with so many programs in this budget moving from general funding to special funding, one wonders whether the intent was not only to reduce general fund needs, but to increase revenues to continue programs.

"For the foregoing reasons, I am casting a no vote on this measure."

The motion was put to vote by the Chair and carried, and the report of the Committee was adopted and H.B. No. 2987, HD 1, entitled: "A BILL FOR AN ACT RELATING TO QUARANTINE," passed Third Reading by a vote of 45 ayes to 6 noes, with Representatives Fox, Halford, Marumoto, Meyer, Moses and Pendleton voting no.

Stand. Com. Rep. No. 602-98 and H.B. No. 2536, HD 2:

On motion by Representative Okamura, seconded by Representative M. Oshiro and carried, the report of the Committee was adopted and H.B. No. 2536, HD 2, entitled: "A BILL FOR AN ACT RELATING TO VIOLENCE," passed Third Reading by a vote of 51 ayes.

The Chair directed the Clerk to note that H.B. Nos. 3065, 2909, 3020, 3164, 3454, 2957, 2771, 2845, 2856, 2987 and 2536 had passed Third Reading at 10:55 o'clock a.m.

Stand. Com. Rep. No. 603-98 and H.B. No. 2528, HD 1:

On motion by Representative Okamura, seconded by Representative M. Oshiro and carried, the report of the Committee was adopted and H.B. No. 2528, HD 1, entitled: "A BILL FOR AN ACT RELATING TO EMPLOYMENT SECURITY," passed Third Reading by a vote of 46 ayes, with Representatives Ahu Isa, Ito, Kahikina, Nakasone and Ward being excused.

Stand. Com. Rep. No. 604-98 and H.B. No. 3030, HD 2:

On motion by Representative Okamura, seconded by Representative M. Oshiro and carried, the report of the Committee was adopted and H.B. No. 3030, HD 2, entitled: "A BILL FOR AN ACT RELATING TO CHILD CARE FACILITIES," passed Third Reading by a vote of 44 ayes to 2 noes, with Representatives Marumoto and McDermott voting no, and Representatives Ahu Isa, Ito, Kahikina, Nakasone and Ward being excused.

Stand. Com. Rep. No. 605-98 and H.B. No. 2876, HD 2:

Representative Okamura moved that the report of the Committee be adopted and H.B. No. 2876, HD 2, pass Third Reading, seconded by Representative M. Oshiro.

Representative Fox submitted the following remarks for insertion into the Journal:

"Today, Mr. Speaker, I speak in strong support of House Bill 2876, HD 2, a bill providing for the improvement, management and restoration of resource value lands, including beaches and shorelines. This is an excellent bill that deals with a problem that concerns all of us: the disappearance of perhaps our most valuable resource, Hawaii's shoreline areas and beaches.

"I urge colleagues to support its passage through both houses and into law."

The motion was put to vote by the Chair and carried, and the report of the Committee was adopted and H.B. No. 2876, HD 2, entitled: "A BILL FOR AN ACT RELATING TO RESOURCE VALUE LANDS," passed Third Reading by a vote of 46 ayes, with Representatives Ahu Isa, Ito, Kahikina, Nakasone and Ward being excused.

Stand. Com. Rep. No. 606-98 and H.B. No. 3489, HD 2:

Representative Okamura moved that the report of the Committee be adopted and H.B. No. 3489, HD 2, pass Third Reading, seconded by Representative M. Oshiro.

Representative Abinsay submitted the following remarks for insertion into the Journal:

"Mr. Speaker, I rise to speak in support of H.B. No. 3489, HD 2.

"The intent of this bill is to level the playing field for all cruise vessels operating out of Kewalo Basin and Honolulu Harbor.

"In 1992, when Paradise Cruise, Ltd. introduced the Star of Honolulu into the trade, it could not locate a berth at either Honolulu Harbor or Kewalo Basin. As a result, Paradise Cruise had negotiated an agreement with a shipyard operation, Honolulu Marine, in Kewalo Basin to use the vacant seaward portion of its parking lot with the approval of the Harbors Division.

"Paradise Cruise would pay 1.85 percent of its gross revenues which it obtained from this pier, the same amount it would have paid to Harbors Division had the berthing space been obtained from the Harbors Division. Honolulu Marine, in connection with its subleasing to Paradise Cruise, pays 25 percent of its sublease from Paradise Cruise to the Harbor Division.

"The real problem arises when the Star of Honolulu has to use Honolulu Harbor because of inclement weather or for any other reason that prevent them from using Kewalo Basin. When the Star of Honolulu uses Honolulu Harbor, it is charged \$5 per passenger under Administrative Rule 19-44-70, unlike other passenger of other vessels who are charged \$1.50 or less under Rule 19-41-2, which refers to smaller commercial vessels, i.e., more than 65 feet and less than 300 feet in length.

"The Star of Honolulu falls within the meaning of Rule 19-41-2, and should, therefore, be treated in the same manner as the other vessels under this category. While it is constitutionally permissible to treat the passengers of

the Star of Honolulu differently from other passengers, such a burden imposes a great hardship on a company that provides 430 full-time jobs and \$28 million in annual revenues to the State of Hawaii. Let us not weaken a company that contributes substantially to our already struggling economic situation.

"I urge everyone to support passage of H.B. 3489, HD 2.

"Thank you, Mr. Speaker."

The motion was put to vote by the Chair and carried, and the report of the Committee was adopted and H.B. No. 3489, HD 2, entitled: "A BILL FOR AN ACT RELATING TO HARBORS," passed Third Reading by a vote of 45 ayes to 1 no, with Representative McDermott voting no, and Representatives Ahu Isa, Ito, Kahikina, Nakasone and Ward being excused.

Stand. Com. Rep. No. 607-98 and H.B. No. 3027, HD 2:

On motion by Representative Okamura, seconded by Representative M. Oshiro and carried, the report of the Committee was adopted and H.B. No. 3027, HD 2, entitled: "A BILL FOR AN ACT RELATING TO MEDICAID OVERPAYMENT RECOVERY," passed Third Reading by a vote of 46 ayes, with Representatives Ahu Isa, Ito, Kahikina, Nakasone and Ward being excused.

Stand. Com. Rep. No. 608-98 and H.B. No. 2533, HD 1:

Representative Okamura moved that the report of the Committee be adopted and H.B. No. 2533, HD 1, pass Third Reading, seconded by Representative M. Oshiro.

Representative Jones rose to speak in favor of the bill, stating:

"The purpose of H.B. No. 2533, HD 1, is to protect our environment as well as our industries, especially our agriculture industry, from destructive alien species that enter our State. Many of the alien species that enter Hawaii do not have natural enemies so once they establish themselves, they flourish.

"This bill sends a clear message to visitors coming to Hawaii that we will not tolerate illegal introduction of alien species into our State. This bill creates a two-tiered system for visitors who are caught illegally importing prohibited plants, animals, or microorganisms. This bill provides a fine for up to five thousand dollars but no more than twenty thousand dollars for intentionally importing illegal species into Hawaii. It also provides a larger fine for intentionally importing prohibited species into Hawaii for the purpose of propagating them, or selling those species without a permit. If caught under this category, the person shall be guilty of a class C felony and subject to a fine of not less than \$100,000 but no more than \$200,000. It costs millions of dollars for the State to eradicate these alien species once they establish themselves in Hawaii.

"This is a good bill and I urge everyone to support it.

"Thank you."

Representative Morihara then rose in support of the bill and asked that Representative Jones' remarks be entered into the Journal as his own, and the Chair "so ordered." (By reference only.)

The motion was put to vote by the Chair and carried, and the report of the Committee was adopted and H.B. No. 2533, HD 1, entitled: "A BILL FOR AN ACT RELATING TO QUARANTINE," passed Third Reading by a vote of 46 ayes, with Representatives Ahu Isa, Ito, Kahikina, Nakasone and Ward being excused.

Stand. Com. Rep. No. 650-98 and H.B. No. 2626, HD 1:

On motion by Representative Okamura, seconded by Representative M. Oshiro and carried, the report of the Committee was adopted and H.B. No. 2626, HD 1, entitled: "A BILL FOR AN ACT RELATING TO OCCUPATIONAL THERAPY," passed Third Reading by a vote of 46 ayes, with Representatives Ahu Isa, Ito, Kahikina, Nakasone and Ward being excused.

Stand. Com. Rep. No. 651-98 and H.B. No. 2767, HD 1:

On motion by Representative Okamura, seconded by Representative M. Oshiro and carried, the joint report of the Committees was adopted and H.B. No. 2767, HD 1, entitled: "A BILL FOR AN ACT RELATING TO MEASUREMENT STANDARDS," passed Third Reading by a vote of 46 ayes, with Representatives Ahu Isa, Ito, Kahikina, Nakasone and Ward being excused.

Stand. Com. Rep. No. 652-98 and H.B. No. 3531, HD 3:

Representative Okamura moved that the report of the Committee be adopted and H.B. No. 3531, HD 3, pass Third Reading, seconded by Representative M. Oshiro.

Representative Tarnas rose to speak against the bill, stating:

"Though there will be some savings through getting rid of some of these positions by transferring OEQC's responsibilities to the Department of Health, I believe this is shortsighted. I am not going to comment on SHPDA but I really want to focus on OEQC since I serve on the Environment Committee.

"True, I believe our environmental policy needs oversight from a statewide perspective. The Office of Environmental Quality Control is more than just a mailing service and publisher of the OEQC Bulletin, but that is what it will become if this bill is enacted.

"This may be a small matter to some of my colleagues, but I submit that this measure indicates a lack of political will to commit to comprehensive environmental policy leadership. For years now, the creation of an environmental quality department has been discussed and recommended through Blue Ribbon panels but never acted upon.

"This measure, Mr. Speaker, is a step backward. Let's consider our next move more carefully, please. Since the administration declined to propose consolidating environmental programs in a new department this year, perhaps the loss of OEQC through this measure might raise a red flag of warning so that our community rises up and compels us to take action on the Department of Environmental Quality next year.

"Thank you, Mr. Speaker."

Representative Thielen rose to speak against the bill, stating:

"Mr. Speaker, I spoke to members previously on this measure, explaining that we are going backward instead

of forward on protecting the environment. When I was an appointed member of the Environmental Council, we fought for independence from the Department of Health because there were many times the Department of Health was in conflict with the environmental objectives of our State. We now are going to put the OEQC back into the Department of Health, and that really is not the most appropriate entity. We'll remove the independence of OEQC, and it will seriously prevent them from being able to be the environmental watchdog for our State. I think we're going backwards, Mr. Speaker."

Representative Yoshinaga then rose to speak in favor of the bill, stating:

"Frankly, Mr. Speaker, this measure is a government restructuring issue in terms of our environmental focus, and as Chair of your Committee on Energy and Environmental Protection, this was not the proposal that your Committee on Environmental Protection passed out. However, I do thank the Finance Committee for keeping dialogue alive in terms of what is the best remedy in terms of balancing our environmental planning processes, as well as focus in terms of environmental programs which we need to continue to move in terms of discussion on how best to achieve those goals.

"There was testimony in our Committee, Mr. Speaker, that indicated that a lot of our environmental programs are unfocused and disconnected from each other, and we need to maintain, I think, an integrated approach in terms of fitting what our resources are being spent for in terms of environmental programs as well as with the planning process.

"And so I hope that the members will keep this measure alive because we need to continue to work and dialogue with all the stakeholders to come up with an integrated focus program utilizing our resources in an efficient way and I would like my further comments inserted in the Journal," and the Chair "so ordered."

Further remarks by Representative Yoshinaga are hereby inserted:

"I support the passage of H.B. 3531, HD 3, which seeks to promote government efficiency by streamlining government processes. I feel it is important to keep these discussions alive as we in the EEP Committee have started to dialogue with the Department of Health as was proposed in H.B. 3531, HD 2, on how to achieve greater efficiency through streamlining.

"H.B. 3531, HD 2, provides a framework for reorganizing the State's environmental protection efforts by (1) transferring permitting functions for a number of environmental programs into another department while keeping enforcement functions in the present department, (2) streamlining the permitting process, and (3) establishing a public policy criteria that protects, and strikes an appropriate balance between, economic development and environmental protection.

"H.B. 3531, HD 2, seeks to improve the accounting for funds deposited in a number of special and revolving funds related to environmental protection by requiring an annual pre-session report to the Legislature. Such a report, composed of information the Department of Health already gathers internally, is intended to improve the Legislature's oversight regarding the use of these funds.

"H.B. 3531, HD 2, also designates what should be done in the situation where there is an excess of moneys in these funds beyond what the Department of Health has determined is required for present program needs. When this is the case, the Governor is to be informed of the

excess and is then given the discretion to deposit these excess funds in the general fund, provided that the Governor leaves certain designated amounts in the respective special or revolving fund to cover unforeseen costs or program needs.

"In addition, the EEP Committee proposed placing a moratorium on the collection of fees where there are excess moneys in the various funds. The moratorium on application fees will spur economic development, much as a tax break or tax credit would.

"To further insure that the spending of these moneys is more likely to result in effective environmental promotion and economic development, such spending is required to be consistent with a 'public policy criteria'. The public policy criteria directs government to encourage the private sector to engage in environmental protection as an entrepreneurial enterprise. The bottom line is that government does not have to spend State funds when there are private sector entities who can make a profit at these environmental businesses.

"If done right, environmental protection does not have to hamper our economy. Environmental protection is an important tool for the accomplishment of other public interest goals and is not an end in itself. This initiative will empower the State of Hawaii to achieve both a healthier environment and a stronger economy."

Representative Santiago rose to speak against the bill, stating:

"I would just like to focus my comments regarding SHPDA. The Health Committee received the original bill which the intent was to just simply remove SHPDA and we deleted that portion, and we did so after great thought and after an awful lot of input from many of the members -- community members -- who two years ago came in and asked that SHPDA be abolished. These same individuals came in this year saying we absolutely need to have SHPDA. And we also have legislation that's presently going through which we will hear later on today that places further emphasis on the need for that oversight.

"Therefore, Mr. Speaker, I am in opposition to this measure. I am hoping, as we move forward in the process, that wisdom will prevail and that we will continue to have this.

"Thank you, Mr. Speaker."

Representative Say rose to speak in favor of the bill, stating:

"Mr. Speaker and members of this House, if there is any apologies that should be conveyed, I apologize to all of you this morning is a question of: is it a core government service that is part of the Constitution, that is part of the Executive branch of government's required essential services? And you look at yourself internally because these two programs were not. Let's be honest with ourselves because I don't want to do this type of thing, too -- abolishing seventeen different programs. But this is just one bill out of many, Mr. Speaker and members of this House, that we are taking the request of

"Mr. Speaker, I can understand the efficacy of a lot of programs such as these two. But the question that I pose to all of you this morning is a question of: is it a core government service that is part of the Constitution, that is part of the Executive branch of government's required essential services? And you look at yourself internally because these two programs were not. Let's be honest with ourselves because I don't want to do this type of thing, too -- abolishing seventeen different programs. But this is just one bill out of many, Mr. Speaker and members of this House, that we are taking the request of

the general public in regards to downsizing and rightsizing State government.

"So I urge my members to consider this measure and passing it out with all of our blessings.

"Thank you."

Representative Arakaki rose to speak against the bill, stating:

"I guess as a legislator, I can understand what the Chairman of the Finance Committee is saying and I think the intent should be recognized. However, I think, speaking from my background as a health planner, I can say that although processes like the Certificate of Need or as we call it, the CON, has been rather onerous to many of the health providers, I think processes such as the CON has got to, not only contain costs, it also helps to provide the kinds of needed services and planning for services that the people of Hawaii need.

"I also think SHPDA has provided very valuable role in terms of keeping many of the takeovers that we have seen on the mainland, which I think resulted in lessening of the quality of health care to the people in other states. So I think for the short term, this may seem wise but I think for the long term, for the health of the people of Hawaii, we may regret doing away with SHPDA.

"Thank you."

Representative Pendleton rose to speak in favor of the bill, stating:

"Mr. Speaker, I think this is, on balance, a good bill because we need to look at our core functions and it is important for us to uphold our constitutional mandate to provide core functions and to look for places where we can cut.

"In looking through this bill, I was surprised at the brevity of the bill, Mr. Speaker, noting that this bill basically abolishes the State Health Planning and Development Agency, and was surprised that we could actually do something like that with just a seven page bill. And as I read the Stand. Com. Report, it says: 'Your Committee notes that the amended bill requires further amendments to conform numerous statutory provisions to the provisions in the bill. However, in the interest of further discussion, your Committee finds the bill as drafted presents all the issues necessary and can be amended before finalization.'

"The only reason I bring this up, Mr. Speaker, is it reminds me that sometimes we have bills that we have to vote on that aren't absolutely perfect at the time we are voting on them. I am reminded of a particular constitutional amendment where the Minority wanted to insert language which would have given voters more information on how to vote the particular fact of a constitutional provision. We were told that the bill wasn't perfect and, therefore. . .

At this point, Representative M. Oshiro rose on a point of order.

The Chair responded: "Yes, you are out of order. Please proceed on the merits or demerits of Stand. Com. Rep. 652-98, please."

Representative Pendleton continued, saying:

"Okay, I just want to conclude by noting that people voting on this bill should pay particular attention to the second to the last paragraph in the Standing Committee

Report and know that there are numerous changes that need to be made to this bill. I hope that this clarifies our House's policy on these kinds of bills.

"Thank you, Mr. Speaker."

Representative Kanohe submitted the following remarks for insertion into the Journal:

"This is to indicate my yes vote but with reservations on the repeal of Chapter 323D, HRS.

"As we attempt to revitalize our economy through various strategies with the ultimate goal of 'putting more money in the pockets of the people of Hawaii' it would be a mistake to abolish the State Health Planning and Development Agency. SHPDA, in its 'certificate of need' (CON) process has very ably fulfilled an important aspect of its mission by preventing the proliferation of extremely costly medical facilities or specialized equipment in hospitals, clinics and doctors' offices. Such controlled proliferation would result in the under-utilization of medical services and procedures resulting in higher per unit costs which would ultimately be absorbed by patients in direct billing or higher premiums.

"Unquestionably, SHPDA has saved the people of Hawaii millions of dollars through its health planning and meaningful CON process.

"It is my hope, for the benefit of the people of Hawaii, that we will be able to restore funding at a sufficient level to allow SHPDA to remain in existence."

The motion was put to vote by the Chair and carried, and the report of the Committee was adopted and H.B. No. 3531, HD 3, entitled: "A BILL FOR AN ACT RELATING TO HEALTH," passed Third Reading by a vote of 37 ayes to 9 noes, with Representatives Arakaki, Chang, Hiraki, Lee, Morihara, Morita, Santiago, Tarnas and Thielen voting no, and Representatives Ahu Isa, Ito, Kahikina, Nakasone and Ward being excused.

The Chair directed the Clerk to note that H.B. Nos. 2528, 3030, 2876, 3489, 3027, 2533, 2626, 2767 and 3531 had passed Third Reading at 11:12 o'clock a.m.

Stand. Com. Rep. No. 653-98 and H.B. No. 3340, HD 1:

On motion by Representative Okamura, seconded by Representative M. Oshiro and carried, the report of the Committee was adopted and H.B. No. 3340, HD 1, entitled: "A BILL FOR AN ACT RELATING TO THE HAWAII HURRICANE RELIEF FUND," passed Third Reading by a vote of 51 ayes.

Stand. Com. Rep. No. 654-98 and H.B. No. 2496, HD 2:

On motion by Representative Okamura, seconded by Representative M. Oshiro and carried, the report of the Committee was adopted and H.B. No. 2496, HD 2, entitled: "A BILL FOR AN ACT RELATING TO SERVICES FOR THE INDIGENT," passed Third Reading by a vote of 50 ayes to 1 no, with Representative McDermott voting no.

Stand. Com. Rep. No. 655-98 and H.B. No. 3005, HD 2:

On motion by Representative Okamura, seconded by Representative M. Oshiro and carried, the report of the Committee was adopted and H.B. No. 3005, HD 2, entitled: "A BILL FOR AN ACT RELATING TO THE HOUSING AND COMMUNITY DEVELOPMENT

CORPORATION OF HAWAII," passed Third Reading by a vote of 51 ayes.

Stand. Com. Rep. No. 656-98 and H.B. No. 3445, HD 2:

On motion by Representative Okamura, seconded by Representative M. Oshiro and carried, the report of the Committee was adopted and H.B. No. 3445, HD 2, entitled: "A BILL FOR AN ACT AUTHORIZING THE ISSUANCE OF SPECIAL PURPOSE REVENUE BONDS FOR THE KA'U CORRECTIONAL COMPLEX AND RELATED SUPPORTING FACILITIES," passed Third Reading by a vote of 51 ayes.

Stand. Com. Rep. No. 657-98 and H.B. No. 2888, HD 2:

On motion by Representative Okamura, seconded by Representative M. Oshiro and carried, the report of the Committee was adopted and H.B. No. 2888, HD 2, entitled: "A BILL FOR AN ACT MAKING AN APPROPRIATION FOR COMPENSATION OF CRIMINAL INJURIES," passed Third Reading by a vote of 51 ayes.

Stand. Com. Rep. No. 658-98 and H.B. No. 1332, HD 2:

Representative Okamura moved that the report of the Committee be adopted and H.B. No. 1332, HD 2, pass Third Reading, seconded by Representative M. Oshiro.

Representative Abinsay rose to speak in favor of the bill, stating:

"Mr. Speaker, the purpose of this bill is to support the agriculture industry by making changes to the Water Code to clarify the importance of agricultural use and agricultural irrigation water system. It also calls to include a plan for agricultural water within the Hawaii Water Plan. This plan will provide a clear picture of water use, which I believe is so necessary for Hawaii's agricultural industry to have an abundant source of irrigation water. The addition of the Chair of the Board of Agriculture as a voting member of the State Water Commission makes sense as an advocate in the interest of agriculture.

"It is important that we support this measure as water is so vital to the development of Hawaii's agriculture industry. In order for diversified agriculture to succeed, it must have access to the State's water resources.

"This is a very important measure, Mr. Speaker. Again, I thank your Chair of the Agriculture Committee, Representative Jones, for his sincere commitment to agriculture.

"Thank you, Mr. Speaker."

Representative Thielen then rose in opposition to the bill, stating:

"Mr. Speaker, currently, the Water Code Review Commission represents all interested parties including agriculture, aquaculture, power development, domestic use, and Hawaiian gathering rights.

"By adding the Chairperson of the Board of Agriculture to the Water Commission, it unfairly tilts the balance of important water decisions in favor of agriculture, and that's particularly in favor of large landowners, at the expense of the needs of the entire community.

"Section 4 provides that the Commission condition water use permits 'to avoid interference with existing water system infrastructure and existing legal uses of water.' This will override the Commission's ability to weigh all factors fairly in determining permit approvals.

"Requiring the Commission to use and review the Department of Agriculture's Water Plan is duplicative, and we're in an era where we're trying to end duplication, Mr. Speaker. Agriculture already is addressed in the Hawaii Water Plan and Water Code.

"There is also a question of whether the Department of Agriculture has the staff and financial resources to produce a comprehensive planning effort by the 1999 legislative session. Does this mean that we add to their staff and increase the cost of that department? I hope not.

"Hawaii's laws are already weaker than those in many other states. This bill goes backwards by allowing water allocation to be determined by one special interest instead of giving a level playing field for all applicants seeking irrigation water for agriculture, which is the situation at present.

"The unequal water distribution will also prevent the protection and restoration of natural streams which jeopardizes our fisheries and many Hawaiian gathering rights.

"In some ways, Mr. Speaker, this bill may be a Leeward side versus the Windward side piece of legislation, and I stand strongly in support of the Windward uses and the Windward side.

"Thank you."

Representative Morita then rose to speak against the bill, stating:

"Mr. Speaker, this bill changes the balance approach in the Water Code as mandated by Article XI, Section 7 of the Hawaii State Constitution, which provides that the State has the obligation to protect, control and regulate the use of Hawaii's water resources for the benefit of its people.

"The State Water Code reveals that there are many diverse interests that need to be considered in addition to agriculture. If we start to give one interest representation on the Commission of Water Resource Management, namely the Chairman of the Board of Agriculture, then we set a precedent to have all other interests equally represented.

"House Bill 1332 is a piecemeal attempt to amend the Code that is limping along to catch up with the many competing demands for water throughout our State. If the Legislature gives in to a special interest group, then it will be flouting the very statutory scheme it implemented in 1987 to ensure that the Code not be amended in a piecemeal fashion. The Legislature should give more serious consideration to analyzing the Water Code Review Commission report before attempting to amend the Water Code by this bill.

"With regard to the interest of agriculture on the present Commission, let me name the number of people on the Commission and their affiliations. We have Mr. Robert Girald who is with the ILWU and with close relations to agriculture operations; Mr. Nobriga who is a rancher and a small businessman from Maui; Mr. Richards who is a rancher from the Big Island; and Mr. Cox who is a former A&B manager."

Representative Tarnas rose in opposition to the bill, stating:

"Mr. Speaker, I am a very strong advocate of agriculture and of environmental protection. This bill has many good features in it such as requiring the Department of Agriculture to prepare a water use and development plan and a master irrigation inventory. These are very important provisions of this bill that should continue.

"But I have two problems with this bill. One, the Chairman of the Board of Agriculture should not replace a member of the public on the Water Commission. I submit that the four members of the public already serving on the Water Commission are very, very strong proponents of agriculture. Agriculture would be better served through their continued representation.

"Secondly, I disagree with the provision that the Water Commission condition permits to avoid interference with existing legal uses of water and existing water system infrastructure. This ties the hands of the Commission which is inappropriate.

"Thank you, Mr. Speaker."

Representative Pendleton rose in opposition to the bill, stating:

"Mr. Speaker, like my previous colleagues who have just spoken, and I am a strong supporter of agriculture, we all need to eat throughout this State, regardless of whether we live on the Leeward or the Windward side of the island. But I have consulted my constituents on the Windward side of the island and having read the testimony that the Department of Land and Natural Resources is in opposition, the Hawaii Audubon Society is in opposition, the Hawaii Chapter of the Sierra Club is in opposition, Hawaii's Thousand Friends, the Environmental Center of the University of Hawaii at Manoa, the Office of Hawaiian Affairs, I find that this bill is problematic and so I will be voting in opposition to this measure.

"Thank you."

Representative Meyer rose in opposition to the bill, stating:

"I see this bill as one more attempt to favor the large landowners from the Leeward side in their petition for State water use.

"The State Constitution mandates that the Commission on Water Resource Management is to conserve and protect Hawaii's natural beauty and all natural resources. By adding the Chair of the Board of Agriculture to the Water Commission, we unfairly weight the influence of agriculture over that Commission.

"I have another concern with the change of the definition of existing agricultural use which is in the bill to include the change in crop, and that was confusing. In the bill, it says, 'existing agricultural use will include a change in crop.' This is a change from what was in the law before. Different crops use different volumes of water, therefore if the user changes crops, he should repetition the Water Commission for how much water he would use. Sugar cane used massive amounts of water compared to other agricultural crops. If the new diversified agriculture crop that has taken the place of sugar cane uses far less water, why should we continue to use that high volume of water for that acreage, unless, of course, it is used for nonagricultural uses, such as housing, construction and golf courses. I believe very strongly that this is one of several bills that are designed

to reduce the effectiveness of the Commission on Water Resource.

"If we are going to change the Water Code, let's do it for a fair and justifiable reason in a fair and justifiable way. House Bill 1332, HD 2, is neither fair nor justifiable.

"Thank you, Mr. Speaker."

Representative Jones rose to speak in support of the bill, stating:

"One of the main purposes of this bill is to help stimulate our economy by strengthening the State's agriculture program through the Water Code. This is one piece of several bills that we're looking at to address the needs and problems of agriculture, to make it once again a viable industry that will help to support our industries.

"House Bill 1332, HD 2, strengthens our agriculture industry in several ways, as was mentioned earlier. The bill redefines several terms used in the Water Code such as the definition of 'agriculture use' and 'existing agriculture use', to make it clear that a change in a crop does not constitute a change in the use of water. As such, there will be no need for long hearings to redistribute the allocation of water whenever a farmer decides to change his crop.

"Next, this bill adds the Chairperson of the Department of Agriculture, as was mentioned to the Water Commission, to look after the interest of agriculture and to assure compliance with the State Constitution which also calls for the promotion of diversified agriculture.

"Mr. Speaker, we can only promote agriculture if we have an ample supply of water. An ample supply of water at reasonable rates assures the farmers that water is available and he can then grow crops on a long-term basis rather than wondering what the Commission is going to do next.

"This bill requires the Department of Agriculture to prepare an updated water use and development plan by January 1, 1999. Basically, what we have in mind is to look at all the irrigation systems throughout the State and to come out with a program to address the issue of irrigation water throughout the State. Many of our irrigation ditches are being neglected or abandoned and these ditches again were a driving force of our economy for the last one hundred years, and we need to go in and make a survey and determine how we can best maintain these ditches for our economy.

"Finally, Mr. Speaker, diversified agriculture is one of the few industries in Hawaii that continues to grow. Over 90 percent of the exports from Hawaii involve diversified agriculture commodities. The State needs to have a sensible water policy if we are to expect our agriculture industry to grow throughout the State.

"This measure is one piece of the puzzle that attempts to do just that. I urge everyone to support this measure, Mr. Speaker.

"Thank you."

Representative Moses rose to speak in support of the bill, stating:

"You know the water that you use for agriculture doesn't get shipped off to the moon. It gets recycled, too. It evaporates and comes back down as rain, or it goes into the ground and runs into streams eventually, or it goes to replenish our aquifers. Some of it goes into the

fruits and vegetables that are grown and we eat them, and we recycle that. So it is not lost to us. However, if we don't feed the people and we don't help improve the economy through diversified agriculture, nobody will enjoy the streams because it won't be here.

"Thank you, Mr. Speaker."

Representative Kawanakoa then rose and stated:

"Very briefly, Mr. Speaker, I want to register a 'no' vote. My rationale for doing so is perhaps explained earlier, but I noted that I sit on another committee and when the Office of Hawaiian Affairs requested to be one of the nominated members of the Department of Land and Natural Resources or the Board of Land Use, it was denied. It was denied because they felt that they will be 'opening the door' and allowing all sorts of special interest to be sat on these boards, and it was best to keep it in the manner it is today. It kind of surprises me that for another board and for another group, it's okay, but not for the Office of Hawaiian Affairs. It doesn't make sense. If the ratio is for special interest and all of the government entities came out to testify against the Office of Hawaiian Affairs, it's kind of a double standard here somehow, and that concerns me.

"Thank you."

Representative Meyer then rose and stated:

"When the Chair of Agriculture spoke, he talked about inexpensive, cheap water -- the constant force. I think there's some misperception. Water is only a small part of the cost of agriculture. We have successful farmers in Kula, in Waianae, in Molokai, that have been using three to four times the amount of water that the farmers in Kunia do. I think this is overstated.

"I am also very concerned about the conflict of interest for the Board of Agriculture Chairperson between his role as a water purveyor and his role as a water resource regulator, which this bill would create. I would hope that my colleagues here would think very carefully about this.

"Thank you, Mr. Speaker."

Representative Yamane then rose to speak in support of the bill, stating:

"Mr. Speaker, this House and the house across the way, the Executive branch and many people in the public have been saying -- support agriculture. Water is the basic ingredient to have good agriculture. What better proponent and advocate for agriculture than having somebody from agriculture -- the Chairperson of the Board of Agriculture -- to be on that State Water Commission.

"Thank you, Mr. Speaker."

Representative Morita then rose and stated:

"Just some additional comments. Again, before we seriously consider this bill, we need to look at the State Water Code which mandated a five year review. The first review was in 1992 and this Legislature has not given serious consideration to analyzing the Review Commission's report. And again, this should not be done in a piecemeal fashion.

"Another point that I would like to make is, a lot of the competing uses are between our agricultural uses. For example, in the Waiahole case, you have competing agricultural uses on both sides of the Koolau, so it is not only differences in uses between stream protection and

agriculture, but you also have competing agricultural uses."

Representative Morita submitted additional remarks for insertion into the Journal, as follows:

"Mr. Speaker, I speak again in opposition to this bill for several important reasons. First, I strongly believe that we should not take a piecemeal approach to amending the code. We already have a mechanism in place to review the code comprehensively, namely the Review Commission on the Water Code, which submitted its recommendations to the Legislature several years ago. A comprehensive review ensures a more balanced approach to protecting, controlling and regulating our important water resources for the benefit of all of the people of Hawaii, versus a piecemeal approach that serves a special interest group.

"Second, the Commission on Water Resource Management is already well represented by the agricultural industry in the form of an ILWU representative, two ranchers and a former A&B manager. But I must agree that we need to have better representation on the Commission, particularly to represent the native Hawaiian interests."

The motion was put to vote by the Chair and carried, and the report of the Committee was adopted and H.B. No. 1332, HD 2, entitled: "A BILL FOR AN ACT RELATING TO THE STATE WATER CODE," passed Third Reading by a vote of 40 ayes to 11 noes, with Representatives Aiona, Arakaki, Halford, Kahikina, Kawanakoa, Meyer, Morita, Pendleton, Stegmaier, Tarnas and Thielen voting no.

Stand. Com. Rep. No. 659-98 and H.B. No. 2874, HD 2:

Representative Okamura moved that the report of the Committee be adopted and H.B. No. 2874, HD 2, pass Third Reading, seconded by Representative M. Oshiro.

Representative Tarnas rose in support of the bill, stating:

"Mr. Speaker, this bill is a major step for this body to take in support of sustainable economic development of our marine resources. This measure makes the necessary changes to facilitate the development of commercial mariculture in our marine waters -- sea ranching of mahimahi, cultivation of black pearls from the native Hawaiian black-lipped pearl oyster are just two examples of business ventures waiting to go into operation here in our State to provide jobs and economic success for our community. This industry represents hundreds of millions of dollars globally. It's time Hawaii took its rightful place as a leader in open ocean mariculture and secure some of this economic benefit here at home.

"Thank you, Mr. Speaker."

Representative Meyer rose to speak in support of the bill with reservations, stating:

"The consequences of this bill will hopefully prove to be beneficial to the State in the form of taxable revenues, more employment opportunities, and in reinvestment in the marine life surrounding our islands. There are some shortcomings included in this bill as well though. Due to the fact that these submerged lands and water columns will be exempt from the definition of 'public lands', the native Hawaiians are no longer entitled to revenues from these lands as this bill is presently drafted.

"As this bill is drafted now, it denies the native Hawaiians from any entitlement on ceded submerged lands. For some time now, there has been a debate regarding whether native Hawaiians are entitled to a 20 percent portion of the revenues collected from rents or 20 percent of the revenues collected from the income as well as rent of commercial activities.

"It seems that this issue could have been better dealt with by clarifying that the native Hawaiians are entitled to revenues on the leases only, rather than denying them their entitlements altogether.

"Thank you, Mr. Speaker."

Representative Yoshinaga then rose in opposition to the bill, stating:

"Mr. Speaker, the reason I am opposed to this measure is that we have relinquished our legislative oversight with regard to the focus of this bill which I don't think sets a good precedent in terms of legislative policy. For that reason and that reason alone, I am opposed to this measure.

"Thank you."

Representative Kanoho submitted the following remarks for insertion into the Journal:

"Mr. Speaker and members, this is to indicate my aye vote on this measure but with deep reservations.

"This bill amends Section 171-2, HRS, which excludes 'Economic Units' from the public land trust. The amendment also reads: 'Economic unit means the water column and water surface above the water column which shall be treated as one economic unit.'

"Essentially, this amendment would deny public land revenues to the Office of Hawaiian Affairs for lease income generated in the economic unit as defined above.

"I do understand, however, that with required payment to OHA, the responsible development of open mariculture as proposed would probably not be economically feasible.

"I believe that the Hawaiian people must be fairly compensated, but not necessarily on gross revenues, particularly where OHA does not contribute to any construction or related costs.

"Hopefully, this question will be resolved to the satisfaction of all parties involved in the ongoing discussion of the broader issue of appropriate ceded land payments."

The motion was put to vote by the Chair and carried, and the report of the Committee was adopted and H.B. No. 2874, HD 2, entitled: "A BILL FOR AN ACT RELATING TO OCEAN LEASING," passed Third Reading by a vote of 49 ayes to 2 noes, with Representatives Goodenow and Yoshinaga voting no.

Stand. Com. Rep. No. 660-98 and H.B. No. 2657, HD 2:

Representative Okamura moved that the report of the Committee be adopted and H.B. No. 2657, HD 2, pass Third Reading, seconded by Representative M. Oshiro.

Representative Case submitted the following remarks for insertion into the Journal:

"Mr. Speaker, I rise in support of this bill with reservations.

"This measure, like some others before us today such as H.B. 144, HD 2, aims to adjust a public employee benefit practice so as to save public funds while preserving the benefit. While I support that goal, my reservation is with the provision that effectively applies the adjustment only to new employees; it should apply, prospectively, to existing employees as well.

"Thank you."

The motion was put to vote by the Chair and carried, and the report of the Committee was adopted and H.B. No. 2657, HD 2, entitled: "A BILL FOR AN ACT RELATING TO THE PUBLIC EMPLOYEES HEALTH FUND," passed Third Reading by a vote of 51 ayes.

Stand. Com. Rep. No. 661-98 and H.B. No. 2865, HD 2:

Representative Okamura moved that the report of the Committee be adopted and H.B. No. 2865, HD 2, pass Third Reading, seconded by Representative M. Oshiro.

Representative Moses rose to speak against the bill, stating:

"This bill has to do with the Department of Health fee increases. It increases fees for certified copies of vital records from ten dollars to eleven dollars. It adds divorce records to the vital records included in the fee increase, and it increases marriage license fees from twenty-five dollars to forty dollars -- five dollars to go to the agency that is granting the marriage license, but ten dollars of this increase goes to the general fund. And it makes permanent certain fee increases that was established in 1997.

"Now my real problem with this bill, Mr. Speaker, is, it's been said that the only things that are sure in life are birth, death and taxes. I say leave it to this State to combine the three into a tax on birth, a tax on death -- certificates, that is -- and let's add in marriage and divorce, and we could have them all together while we're at it.

"Now the defenders of the bill are going to say this is not a tax increase, this is not taxes, these are just fees. Well, the money that is collected, as I said earlier, goes into the general fund. So if it walks like a tax, and it talks like a tax, call it anything you want, but to most people, it's still a tax. I think people will be more understanding if the fee increases were just those necessary to cover the actual expenses of issuing these certificates. But the increase gets siphoned off into the general fund to cover programs totally unrelated to printing and processing the requested certificates.

"Thank you, Mr. Speaker."

Representative Marumoto then rose in opposition to the bill, stating:

"I will be putting my remarks into the Journal, but I just want to point out that I think the math in this measure is wrong so I think we should check it.

"Thank you."

Representative Marumoto's remarks are as follows:

"Mr. Speaker, I rise to speak against this measure.

"I support reasonable user fees for services the public uses -- as long as those fees are recycled back into the department or agency for which they are levied. The

majority of the fee hikes in this bill go to the general fund, and therefore are not truly justified.

"A fee of eleven dollars for a copy of a divorce or marriage certificate may not seem prohibitive to most of us. But it is to families who have to choose between keeping updated records and paying the utility bills. Seven of those eleven dollars go, not to the Department of Health to service the public, but to the general fund.

"And the marriage license fee is especially onerous. Eighteen dollars of this forty dollar fee go straight to the general fund -- thirteen dollars if it goes to a licensed agent of the Department of Health, up from eight dollars.

"This is not the right message to be sending to our people, Mr. Speaker.

"The measure before us is simply a money raising bill. Yes, it's okay to raise certain fees from time to time, but from fifteen dollars to forty dollars for a marriage license? Has the cost of issuing licenses gone up that high that fast? This increase is neither reasonable nor nominal. Let's stop taxing people's lives to bolster the general fund, and fund just the basic services, instead."

Representative M. Oshiro then rose to speak in favor of the bill, stating:

"I would just like to note that with this one dollar increase, the moneys do go to several specific purposes. One of them is for Child Abuse Special Account and one is for the Spouse and Child Abuse Special Account. Another account is the Domestic Violence Prevention Special Fund and another account is the Vital Statistics Improvement Special Fund.

"I would also like to point out that this particular bill does a great service to those who need to acquire these documents for the purposes of proving their Hawaiian ancestry. This waives the fees for these people and allows them to proceed in a much more equitable manner. For these reasons, I support this bill.

"Thank you, Mr. Speaker."

Representative Pendleton rose in opposition to the bill, stating:

"Mr. Speaker, I think all of us in this room want to combat child abuse. None of us want to endorse that; we all want to address the problem of domestic violence. These are serious problems.

"This bill addresses problems in society which needs to be addressed and so none of us oppose this bill because of what this bill seeks to do.

"My objection, Mr. Speaker, to this bill is the way in which -- the way in which -- we seek to address these problems, and that is namely through a very regressive fee structure. These fees again are levied without regard to ability to pay. They are in disregard of the demographics which show that many people who are at the low economic strata in our society have many children; in fact, more children than some of the professionals who actually make more money than them and so they will be hardest hit by this regressive fee.

"Personally, if we want to address these kinds of problems, and I think we need to, I think it is important for us to address these problems -- child abuse, domestic violence -- we should do it through the income tax system and make appropriations for these kinds of tax rather than using the most regressive system which we find here in this particular bill.

"And so for those reasons and those reasons alone, I am voting in opposition to this particular bill.

"Thank you, Mr. Speaker."

Representative McDermott rose to speak against the bill, stating:

"My opinions on fees and taxes are well known. I agree with one of the previous speakers that these fees are all well intended. I think everything that this body does 99.9 percent of the time is well intended. But I don't think that now is the time that we put our hands in the pockets and the wallets of the working people of Hawaii. They can't afford it. Please, let's stop taxing and feeing them to death.

"Thank you."

The motion was put to vote by the Chair and carried, and the report of the Committee was adopted and H.B. No. 2865, HD 2, entitled: "A BILL FOR AN ACT RELATING TO FEES COLLECTED BY THE DEPARTMENT OF HEALTH," passed Third Reading by a vote of 44 ayes to 7 noes, with Representatives Halford, Marumoto, McDermott, Meyer, Moses, Pendleton and Whalen voting no.

Stand. Com. Rep. No. 662-98 and H.B. No. 2736, HD 2:

Representative Okamura moved that the report of the Committee be adopted and H.B. No. 2736, HD 2, pass Third Reading, seconded by Representative M. Oshiro.

Representative Stegmaier rose to speak in favor of the bill, stating:

"This measure is a bill primarily serving the interest of improving the safety of our student athletes. It would have athletic expenses, such as salaries for athletic trainers and coaches, equipment and transportation expenses for new schools, be considered a part of the workload increase in our education budget.

"Mr. Speaker, unless we pass this measure, those expenses for new schools for athletics will be found by taking moneys away from the athletic program expenses of all other schools in our State.

"Mr. Speaker, athletics are a very important part of many students' lives. For the safety and well-being of our thousands of student athletes, we need to maintain expenditures for coaches' salaries, athletic trainers' salaries, proper equipment, and safe transportation for our students as they go and return from athletic events.

"For these reasons, I commend this measure for passage.

"Thank you."

The motion was put to vote by the Chair and carried, and the report of the Committee was adopted and H.B. No. 2736, HD 2, entitled: "A BILL FOR AN ACT RELATING TO THE BUDGET," passed Third Reading by a vote of 51 ayes.

The Chair directed the Clerk to note that H.B. Nos. 3340, 2496, 3005, 3445, 2888, 1332, 2874, 2657, 2865 and 2736 had passed Third Reading at 11:43 o'clock a.m.

Stand. Com. Rep. No. 663-98 and H.B. No. 2998, HD 2:

Representative Okamura moved that the report of the Committee be adopted and H.B. No. 2998, HD 2, pass Third Reading, seconded by Representative M. Oshiro.

Representative Fox rose to speak in support of the bill with reservations, stating:

"Mr. Speaker, the world moves very fast. Companies that were created two or three years ago were sold for hundreds of millions of dollars. The whole region of the world -- Asia, that we thought represented the future for Hawaii is now in serious trouble -- things change very fast.

Over sixty years ago, the City of New York established a Port Authority that now runs its harbors, its airports and various bridges. Many other cities have Port Authorities. In Hawaii, we're coming to look at this idea, Mr. Speaker, and according to this bill, we are going to create a temporary Maritime Authority Commission to examine the complexities involved in creating a permanent commission. We're going to plan the details of the permanent commission, and we're going to make recommendations to the Legislature regarding a permanent commission. Well, while the world moves very fast, we're moving in baby steps. I don't understand why we can't pass a bill creating an Authority.

"Thank you, Mr. Speaker."

Representative P. Oshiro rose to speak in favor of the bill, stating:

"Mr. Speaker, as an island state, the vast majority of our goods, both consumed and utilized here in Hawaii, are shipped through our commercial harbor system. It is therefore essential to our economy and to our commercial harbor system that it remains efficient and continues as one that adequately services all ports throughout our State.

"This bill, Mr. Speaker, as originally drafted, would have established a Maritime Authority and would have authorized this Authority, Mr. Speaker, to determine their own powers and responsibilities, subject to codification by the Legislature. Prior to the establishment of this Authority, Mr. Speaker, and prior to the appointment of any of its members, I truly believe that it is imperative for the Legislature, and not for the Maritime Authority, to scrutinize, to deliberate over, and to ultimately identify the powers and responsibilities of this very important maritime entity. Dialogue and discussion must be undertaken with all of the affected parties to adequately address their concerns and needs. All ports, and not just the profitable ones, must be efficiently managed to provide adequate service to all areas throughout our State. And while seeking, Mr. Speaker, appropriate autonomy and independence, the powers of this Authority must be balanced. It must be balanced, Mr. Speaker, to ensure that the general, overall State policies are preserved, and that public input and accountability is provided for.

"I truly believe, Mr. Speaker, that we must approach the creation of this Maritime Authority in a thorough and very deliberate manner. The findings of the commission created by this bill will greatly assist the Legislature in defining and establishing the powers, duties and responsibilities of this very important entity.

"Thank you."

Representative Ward rose in support of the bill with reservations, stating:

"Mr. Speaker, I am very pleased to speak for this bill in the sense that I introduced one like this three, four, maybe five years ago, so the Representative may know that it takes a long time. But I do have the reservation that since we have now moved with it, why are we creating a half commission, to say, well, it's half-baked because we're not really sure we want to do it if we do a temporary one. But I think, Mr. Speaker, it probably is the best thing that will come out of this when we look at the taxation bill later on today where it says all those ships being unloaded will be taxed by 1.5 percent. Maybe this Maritime Commission, if we do create it, will have a way and say that's not a good thing.

"As the good Vice Speaker said, we have 98 percent of our goods coming in by ship, 80 percent of everything we have, that we wear, that we eat, comes in from some other place. So this bill is unequivocally important and we have to move on it with not only with professionalism, but with the speed by which economics in the marketplace dictates.

"Thank you, Mr. Speaker."

The motion was put to vote by the Chair and carried, and the report of the Committee was adopted and H.B. No. 2998, HD 2, entitled: "A BILL FOR AN ACT RELATING TO THE HAWAII MARITIME AUTHORITY," passed Third Reading by a vote of 51 ayes.

Stand. Com. Rep. No. 664-98 and H.B. No. 3003, HD 1:

On motion by Representative Okamura, seconded by Representative M. Oshiro and carried, the report of the Committee was adopted and H.B. No. 3003, HD 1, entitled: "A BILL FOR AN ACT RELATING TO THE EMPLOYEES' RETIREMENT SYSTEM," passed Third Reading by a vote of 51 ayes.

Stand. Com. Rep. No. 665-98 and H.B. No. 3141, HD 1:

On motion by Representative Okamura, seconded by Representative M. Oshiro and carried, the report of the Committee was adopted and H.B. No. 3141, HD 1, entitled: "A BILL FOR AN ACT RELATING TO GOVERNMENT CONTRACTS," passed Third Reading by a vote of 51 ayes.

Stand. Com. Rep. No. 666-98 and H.B. No. 2366, HD 2:

Representative Okamura moved that the report of the Committee be adopted and H.B. No. 2366, HD 2, pass Third Reading, seconded by Representative M. Oshiro.

Representative Stegmaier rose to speak in support of the bill, stating:

"The bill, as I read it, really focuses on the Department of Transportation's implementation of an Inter-Island Water Ferry Transportation System to transport commuters from Leeward Oahu to the central business district in downtown Honolulu.

"The people of Hawaii Kai expressed concern with other proposals in the past, that the docking facility that would need to be created in Maunaloa Bay would be against the best interest of preserving Maunaloa Bay as very desired to be preserved. But this bill does not relate to anything, as I understand it, but a system that would provide transportation for Leeward commuters. And because it does not impact Maunaloa Bay in Hawaii Kai, I can support this measure.

"Thank you."

Representative Cachola rose in strong support of the bill, stating:

"In addition to the comments by our colleague, Representative Stegmaier, let me just add and say that this ferry system is a pro-user bill, and at the same time an economic development bill rolled into one. It is a pro-users bill, Mr. Speaker, because it helps facilitate transportation, it reduces traffic for commuters from the Leeward area going to downtown and back.

"Mr. Speaker, in the past there was a ferry system, but it suffered for lack of passengers. However, under this bill, we are coming out again with a ferry system because of the critical and significant changes taking place, which is why we're not passing it off another time.

"First, there is now existing a critical mass to support full ridership to downtown Honolulu. Second, there is a new boat technology which can travel thirty knots, about 55 miles per hour, and there is a new boat that they are creating that can run twice as fast. Thirdly, Mr. Speaker, the creation of a ferry system also would be beneficial to the visitor industry. It is a new attraction. Of course, this will add again to its ridership.

"Also, Mr. Speaker, just over a week ago, we passed the People Mover System and really, Mr. Speaker, the ferry system, when considered with the People Mover System, we find that the Inter-Island Water Ferry Transportation System may prove more cost effective than either system running by itself.

"Mr. Speaker, I would like to commend the administration for really coming up with a demonstration ferry project with the intention of making it permanent. Just over last week, the ferry system that we used, traveling from Pearl City to downtown, it took us only fifteen minutes. If we are going to reduce traffic and make it easier for commuters from the Leeward area, we will be saving about 45 minutes to about an hour of traveling time. In addition to being an economic development bill and pro-users bill, Mr. Speaker, we are now saying to the State of Hawaii and its residents that the ferry system can also go to the other islands, after demonstrating that it is feasible to travel in a much faster time than what it takes now from the Leeward area to downtown.

"For these reasons, Mr. Speaker, I support this bill.

"Thank you."

Representative Moses then rose to speak in favor of the bill, stating:

"For any of you who think that this is a bad idea, I will make an offer to you to come over to my house early one morning, and I'll drive you in and you can see all those people that I sure wish I could help get them off the freeway. This is a good idea. We'll have to see if it works, if the people take advantage of it. But we need to do something, not just one thing, this is going to be one of many things that we have to do to get that traffic jam down to something that we can manage. Right now, it takes me about an hour and a half to get here, and I know it may please some of you because I'm not as fresh when I get here as I could be, but I challenge it as work to get together to help the people that are in a growing region. We just don't have enough ways to get people here by car. I think the ferry system can work and if we can't do it this way, then we better look somewhere else, but let's try this first.

"Thank you, Mr. Speaker."

Representative Meyer submitted the following remarks for insertion into the Journal:

"Mr. Speaker, I would like to speak in opposition of H.B. 2366, HD 2.

"I agree that we need to find solutions to our traffic problems, but let us find effective solutions. I do not believe an intra-island ferry would be effective in any way. A ferry system was tried several years ago and it failed -- ridership fell far short of what was hoped. Let's face it -- Hawaii residents lead complicated lives that often require automobile travel on the freeways. Many people have several jobs at non-traditional hours, children to drop off and pick up -- sometimes at schools far from both job and home, plus late and unpredictable job and activity schedules.

"I do not want to see our valuable State funds, as well as federal funds, put towards an idea that has failed in the past and is likely to fail again. I salute those who look for non-traditional solutions to our traffic problems and we do need to continue to examine the traffic issue, but I do not see an intra-island ferry as a viable solution. Therefore, I must vote against House Bill 2399, HD 2."

The motion was put to vote by the Chair and carried, and the report of the Committee was adopted and H.B. No. 2366, HD 2, entitled: "A BILL FOR AN ACT RELATING TO TRANSPORTATION," passed Third Reading by a vote of 51 ayes.

Stand. Com. Rep. No. 667-98 and H.B. No. 2460, HD 2:

On motion by Representative Okamura, seconded by Representative M. Oshiro and carried, the report of the Committee was adopted and H.B. No. 2460, HD 2, entitled: "A BILL FOR AN ACT RELATING TO FISHING," passed Third Reading by a vote of 51 ayes.

Stand. Com. Rep. No. 668-98 and H.B. No. 3289, HD 1:

On motion by Representative Okamura, seconded by Representative M. Oshiro and carried, the report of the Committee was adopted and H.B. No. 3289, HD 1, entitled: "A BILL FOR AN ACT RELATING TO LIABILITY," passed Third Reading by a vote of 51 ayes.

Stand. Com. Rep. No. 669-98 and H.B. No. 2478, HD 1:

On motion by Representative Okamura, seconded by Representative M. Oshiro and carried, the report of the Committee was adopted and H.B. No. 2478, HD 1, entitled: "A BILL FOR AN ACT RELATING TO POLICE," passed Third Reading by a vote of 51 ayes.

Stand. Com. Rep. No. 670-98 and H.B. No. 3082, HD 1:

On motion by Representative Okamura, seconded by Representative M. Oshiro and carried, the report of the Committee was adopted and H.B. No. 3082, HD 1, entitled: "A BILL FOR AN ACT RELATING TO ADMINISTRATIVE REVOCATION OF DRIVER'S LICENSE," passed Third Reading by a vote of 51 ayes.

Stand. Com. Rep. No. 671-98 and H.B. No. 2883, HD 2:

On motion by Representative Okamura, seconded by Representative M. Oshiro and carried, the report of the Committee was adopted and H.B. No. 2883, HD 2, entitled: "A BILL FOR AN ACT RELATING TO KAWAINUI MARSH," passed Third Reading by a vote of 51 ayes.

Stand. Com. Rep. No. 672-98 and H.B. No. 3403, HD 2:

On motion by Representative Okamura, seconded by Representative M. Oshiro and carried, the report of the Committee was adopted and H.B. No. 3403, HD 2, entitled: "A BILL FOR AN ACT RELATING TO OFFENSES AGAINST PROPERTY," passed Third Reading by a vote of 51 ayes.

The Chair directed the Clerk to note that H.B. Nos. 2998, 3003, 3141, 2366, 2460, 3289, 2478, 3082, 2883 and 3403 had passed Third Reading at 11:55 o'clock a.m.

At 11:56 o'clock a.m., the Chair declared a recess, subject to the call of the Chair.

Upon reconvening at 11:57 o'clock a.m., Representative Yonamine was permitted a late introduction and he introduced 51 fifth grade students from Momilani Elementary School. They were accompanied by their teacher, Mr. Robert Fujikawa; and parents, Mrs. Aina, Mrs. Hirata, Mrs. Kekuewa and Mrs. Sakurai.

At 11:59 o'clock a.m., the Chair declared a recess, subject to the call of the Chair.

Upon reconvening at 12:46 o'clock p.m., the Vice Speaker assumed the rostrum.

Stand. Com. Rep. No. 673-98 and H.B. No. 3528, HD 1:

Representative Okamura moved that the report of the Committee be adopted and H.B. No. 3528, HD 1, pass Third Reading, seconded by Representative M. Oshiro.

Representative Yoshinaga submitted the following remarks for insertion into the Journal:

"Mr. Speaker, I would like to rise and speak in support of H.B. 3528, HD 1.

"Mr. Speaker, we live in a nation based upon the idea that you are innocent until proven guilty. H.B. 3528, HD 1, rectifies unacceptable language that currently exists in the HRS. As the law currently reads, an employer could effectively deny employment to an employee or applicant, based solely upon the arrest, questioning, or indictment of an individual by the justice department. Nowhere, Mr. Speaker, does the existing law require that the person must be convicted.

"Therefore Mr. Speaker, conceivably, an innocent man, who was questioned, arrested and indicted, but never convicted, could be denied employment even though he had been proven innocent. Is this the type of justice we as legislators would choose for our people?

"Mr. Speaker, H.B. 3528, HD 1, protects the innocent. And that is the essential basis for this bill. It protects the security of sensitive and private information about individuals. And as the people's representatives, we should always endeavor to protect the innocent.

"Mr. Speaker, I believe that H.B. 3528, HD 1, is also good for business. It still allows background checks that

would protect employers from hiring possibly dangerous or unacceptable candidates for certain types of employment. Business will continue to have access to critical information regarding potential or present employees.

"Mr. Speaker, because this bill is a strong 'win-win' for everyone involved, I urge my colleagues to pass and adopt H.B. 3528, HD 1."

The motion was put to vote by the Chair and carried, and the report of the Committee was adopted and H.B. No. 3528, HD 1, entitled: "A BILL FOR AN ACT RELATING TO EMPLOYMENT PRACTICES," passed Third Reading by a vote of 40 ayes, with Representatives Abinsay, Aiona, Arakaki, Cachola, Chang, Souki, Takai, Takamine, Takumi, Ward and Yoshinaga being excused.

Stand. Com. Rep. No. 674-98 and H.B. No. 2786, HD 2:

On motion by Representative Okamura, seconded by Representative M. Oshiro and carried, the report of the Committee was adopted and H.B. No. 2786, HD 2, entitled: "A BILL FOR AN ACT RELATING TO MENTAL AND MEDICAL EXAMINATION OF CONVICTED DEFENDANTS," passed Third Reading by a vote of 40 ayes, with Representatives Abinsay, Aiona, Arakaki, Cachola, Chang, Souki, Takai, Takamine, Takumi, Ward and Yoshinaga being excused.

Stand. Com. Rep. 675-98 and H.B. No. 2855, HD 1:

On motion by Representative Okamura, seconded by Representative M. Oshiro and carried, the report of the Committee was adopted and H.B. No. 2855, HD 1, entitled: "A BILL FOR AN ACT RELATING TO NURSE MIDWIVES," passed Third Reading by a vote of 40 ayes, with Representatives Abinsay, Aiona, Arakaki, Cachola, Chang, Souki, Takai, Takamine, Takumi, Ward and Yoshinaga being excused.

Stand. Com. Rep. No. 676-98 and H.B. No. 2345, HD 2:

Representative Okamura moved that the joint report of the Committees be adopted and H.B. No. 2345, HD 2, pass Third Reading, seconded by Representative M. Oshiro.

Representative Whalen rose to speak against the bill, stating:

"My opposition stems from the fact that once again we're trying to force everyone to pay higher prices for services that they don't feel they need or want. And in this bill, what we have done is people who use carriers who aren't properly licensed now are subject to criminal sanctions, and I'm a firm believer in the free market system that if people want to pay extra for a licensed carrier for whatever reason, they will pay it. If they don't, obviously something is wrong with the system. Instead of fixing the system, we're going to throw the carriers in jail, so I oppose it for those reasons.

"Thank you."

The motion was put to vote by the Chair and carried, and the joint report of the Committees was adopted and H.B. No. 2345, HD 2, entitled: "A BILL FOR AN ACT RELATING TO MOTOR CARRIERS," passed Third Reading by a vote of 39 ayes to 1 no, with Representative Whalen voting no, and Representatives Abinsay, Aiona, Arakaki, Cachola, Chang, Souki, Takai, Takamine, Takumi, Ward and Yoshinaga being excused.

Stand. Com. Rep. No. 677-98 and H.B. No. 2346, HD 2:

On motion by Representative Okamura, seconded by Representative M. Oshiro and carried, the joint report of the Committees was adopted and H.B. No. 2346, HD 2, entitled: "A BILL FOR AN ACT RELATING TO COMMERCIAL DRIVER'S LICENSE," passed Third Reading by a vote of 40 ayes, with Representatives Abinsay, Aiona, Arakaki, Cachola, Chang, Souki, Takai, Takamine, Takumi, Ward and Yoshinaga being excused.

Stand. Com. Rep. No. 678-98 and H.B. No. 2498, HD 2:

On motion by Representative Okamura, seconded by Representative M. Oshiro and carried, the joint report of the Committees was adopted and H.B. No. 2498, HD 2, entitled: "A BILL FOR AN ACT RELATING TO HEALTH," passed Third Reading by a vote of 40 ayes, with Representatives Abinsay, Aiona, Arakaki, Cachola, Chang, Souki, Takai, Takamine, Takumi, Ward and Yoshinaga being excused.

Stand. Com. Rep. No. 732-98 and H.B. No. 2814:

On motion by Representative Okamura, seconded by Representative M. Oshiro and carried, the report of the Committee was adopted and H.B. No. 2814, entitled: "A BILL FOR AN ACT RELATING TO SENIOR PSYCHOLOGISTS," passed Third Reading by a vote of 40 ayes, with Representatives Abinsay, Aiona, Arakaki, Cachola, Chang, Souki, Takai, Takamine, Takumi, Ward and Yoshinaga being excused.

Stand. Com. Rep. No. 733-98 and H.B. No. 2768:

On motion by Representative Okamura, seconded by Representative M. Oshiro and carried, the report of the Committee was adopted and H.B. No. 2768, entitled: "A BILL FOR AN ACT RELATING TO MILK," passed Third Reading by a vote of 40 ayes, with Representatives Abinsay, Aiona, Arakaki, Cachola, Chang, Souki, Takai, Takamine, Takumi, Ward and Yoshinaga being excused.

Stand. Com. Rep. No. 734-98 and H.B. No. 2627:

On motion by Representative Okamura, seconded by Representative M. Oshiro and carried, the report of the Committee was adopted and H.B. No. 2627, entitled: "A BILL FOR AN ACT RELATING TO PRIVATE TRADE, VOCATIONAL, OR TECHNICAL SCHOOLS," passed Third Reading by a vote of 40 ayes, with Representatives Abinsay, Aiona, Arakaki, Cachola, Chang, Souki, Takai, Takamine, Takumi, Ward and Yoshinaga being excused.

The Chair directed the Clerk to note that H.B. Nos. 3528, 2786, 2855, 2345, 2346, 2498, 2814, 2768 and 2627 had passed Third Reading at 12:48 o'clock p.m.

Stand. Com. Rep. No. 735-98 and H.B. No. 2866:

On motion by Representative Okamura, seconded by Representative M. Oshiro and carried, the report of the Committee was adopted and H.B. No. 2866, entitled: "A BILL FOR AN ACT RELATING TO EMPLOYMENT ON PUBLIC WORKS PROJECTS," passed Third Reading by a vote of 47 ayes, with Representatives Cachola, Chang, Souki and Yoshinaga being excused.

Stand. Com. Rep. No. 736-98 and H.B. No. 3185, HD 1:

On motion by Representative Okamura, seconded by Representative M. Oshiro and carried, the report of the Committee was adopted and H.B. No. 3185, HD 1,

entitled: "A BILL FOR AN ACT RELATING TO ADMINISTRATIVE REVOCATION OF DRIVER'S LICENSE," passed Third Reading by a vote of 47 ayes, with Representatives Cachola, Chang, Souki and Yoshinaga being excused.

Stand. Com. Rep. No. 737-98 and H.B. No. 3291, HD 1:

On motion by Representative Okamura, seconded by Representative M. Oshiro and carried, the report of the Committee was adopted and H.B. No. 3291, HD 1, entitled: "A BILL FOR AN ACT RELATING TO HAWAIIAN FISH PONDS," passed Third Reading by a vote of 47 ayes, with Representatives Cachola, Chang, Souki and Yoshinaga being excused.

Stand. Com. Rep. No. 738-98 on H.B. No. 2816:

On motion by Representative Okamura, seconded by Representative M. Oshiro and carried, the report of the Committee was adopted and H.B. No. 2816, entitled: "A BILL FOR AN ACT RELATING TO PHARMACIST LICENSURE EXAMINATIONS," passed Third Reading by a vote of 47 ayes, with Representatives Cachola, Chang, Souki and Yoshinaga being excused.

Stand. Com. Rep. No. 739-98 and H.B. No. 2817:

On motion by Representative Okamura, seconded by Representative M. Oshiro and carried, the report of the Committee was adopted and H.B. No. 2817, entitled: "A BILL FOR AN ACT RELATING TO PHARMACIES," passed Third Reading by a vote of 47 ayes, with none voting no and Representatives Cachola, Chang, Souki, Yoshinaga being excused.

Stand. Com. Rep. No. 740-98 and H.B. No. 2529, HD 1:

On motion by Representative Okamura, seconded by Representative M. Oshiro and carried, the report of the Committee was adopted and H.B. No. 2529, HD 1, entitled: "A BILL FOR AN ACT PROPOSING AN AMENDMENT TO ARTICLE III, SECTION 6, OF THE HAWAII CONSTITUTION, TO CHANGE THE ELIGIBILITY TO SERVE AS A MEMBER OF THE SENATE OR HOUSE OF REPRESENTATIVES," passed Third Reading by a vote of 47 ayes, with Representatives Cachola, Chang, Souki and Yoshinaga being excused.

Stand. Com. Rep. No. 741-98 and H.B. No. 2878, HD 1:

Representative Okamura moved that the report of the Committee be adopted and H.B. No. 2878, HD 1, pass Third Reading, seconded by Representative M. Oshiro.

Representative Tarnas rose to speak in support of the bill with some reservations, stating:

"As a professional in the area of marine resource management with international experience in places from Malaysia to Micronesia to Morocco and the Middle East, I feel strongly that technical fisheries management decisions should be made by professional fishery managers themselves, not by politicians.

"This bill before an amendment in Judiciary would have provided for the Department of Land and Natural Resources to develop rules, in consultation with fishers, to carry out the State fisheries policy that we at the Legislature create. The Legislature retains oversight and the agency is given the tools to carry out our directives. It is time we take that step and provide to the Department the ability to develop rules.

"And I hope by the end of session, the Judiciary Chair and I can work out an agreement between ourselves and with the Senate that achieves this goal, better than the two-step process of temporary rulemaking and statutory establishment provided in this measure in its current form.

"Thank you, Mr. Speaker."

Representative Tom then rose to speak in strong support of the bill, stating:

"Mr. Speaker, the need for better management of our aquatic resources have been evident for many years.

"This year, the Department of Land and Natural Resources has asked us to give them broad new powers to regulate fisheries by rule instead of statute. As part of their request, they have proposed eliminating, sweeping away the Legislature as a forum for any discussions by the people most affected by their rules, the recreational and commercial fisherman.

"The bill that came to your Judiciary Committee from the Committee on Ocean Recreation and Marine Resources asked us to grant to DLNR unfettered legislative powers that are granted to no other agency in this State.

"But we must recognize that the expertise in this area, and I recognize that, is within the Department, for they have the scientists and experts who have devoted their lives to the study of the effective management of aquatic resources, and there are times when quick action is necessary to modify or change the ground rules for fishing when stocks may be threatened.

"Our problem in the Judiciary Committee was to reconcile the need for expertise and prompt action with the need for accountability and responsiveness to the needs of the public through the political process.

"Fortunately, we already have, Mr. Speaker, in statutes, a guide for resolving these problems.

"Currently, we allow the Department of Public Safety to add new substances to the list of drugs which are declared illegal to possess without a prescription. We do this because they have the expertise, like the fisheries, to know that if a new drug can be subject to abuse and if it might begin to circulate among drug users if it is not quickly banned. So we do have precedent.

"In the bill before us, your Judiciary Committee has adopted the same procedure and the same philosophy.

"This bill says to DLNR: make whatever rules you think are necessary to manage our aquatic resources, and make them as quickly as you deem prudent. Your new rules will take effect immediately and be the law of the land. But come back to this Legislature the following year and let the public testify as to whether your rules have proven themselves to be in the best interest of the public.

"If the rules have proven their worth, we will make them part of our statutes. If the rules are ill-advised, they will be nullified.

"Mr. Speaker, if we were simply to give legislative power to DLNR without any legislative oversight, I can tell you now that every State agency, now and later, would be coming to us with the same arguments, saying that the agency has the expertise, saying that the

Legislature isn't fast enough because we only meet sixty days out of the year.

"I think it would be a grave mistake, Mr. Speaker, to set such a bad precedent. We are the lawmakers, not the agencies. We, as a Legislature, must fulfill the role which has been given to each of us by our constituents.

"I ask the members to speak in support of this bill.

"Thank you, Mr. Speaker."

Representative Case then rose to register a vote of aye with reservations on this bill, and asked to incorporate by reference the remarks of the Chair of the Ocean and Marine Resources Committee as his own, and the Chair "so ordered."

"Additionally, Mr. Speaker, I would note that I may have some agreement with the Judiciary Chair on the need for some legislative final action on proposed regulations, simply to retain the ability of the Legislature to say yes or no in the end. I think a better way of doing that would have been to essentially have told the DLNR that the rules could go into effect unless the Legislature did not take action.

"As the bill is written right now, what it says is that the DLNR shall implement rules and that the rules shall be temporary, and the Legislature shall then have to affirmatively adopt them by statute in order for the rules to turn into permanent rules. I think what this basically does is relegate the DLNR to essentially an advisory body in this area which is the wrong direction to go.

"I think the wiser course, and I hope the course that we adopt when this bill emerges at the end, is a middle course where the Legislature retains the right to say 'no', but not the affirmative obligation only to say 'yes.'

"Thank you."

Representative Thielen rose to speak in support of the bill with reservations, stating:

"Mr. Speaker, Hawaii is the only state in the union where fishing regulations are determined by statutes and not by rule. No other state allows the legislators to make fishery regulations and that makes sense, frankly. Chairman Wilson of the Board of Land and Natural Resources informed us in Committee that the stocks of bottom and near shore reef fish will continue to be depleted unless the Legislature gives his Department more authority to manage the ocean resource. The way that that authority would be given was in the bill that originally emerged from the Committee on Ocean Recreation and Marine Resources, and I fully supported that bill. Many of the laws now, as Chairman Wilson noted, are efforts that are based on legislative compromise rather than scientific knowledge. That's not a way to manage our fishery resources.

"I also have great faith in the administrative procedures and the rulemaking process that we have established in this State. Chairman Wilson has taken great efforts to go out to the communities, even prior to rulemaking, to get the community input on different matters affecting his jurisdiction. He will be doing the same thing on the fisheries management, and he involves the community much more than we actually can involve them in our legislative process. The legislative process, as we all know, is very fast moving. To catch something at one point and try to keep on top of it, and then all of the other issues come piling on and maybe will take precedence, so the fishers are a little frustrated with trying to get their viewpoint across through this process.

"I think the bill that emerged from the subject matter committee was the correct way the bill should have continued on through the process. I'm sorry to see a change such as this made, and I would hope that the Senate would take a look at the original version and send that back to us.

"Thank you."

Representative Kahikina then rose in support of the bill with reservations, stating:

"I ask the Clerk to incorporate the testimonies of the Representatives from Kohala/Kona, Manoa and Kailua as my own," and the Chair "so ordered." (By reference only)

"And I just wanted to add one more information that as we go along, just for the information of this body, that years back, some fifteen or twenty years ago, DLNR introduced a fish into our waters which is called Taape. And Taape on the Waianae Coast has just overcome our reefs. This fish is a nocturnal fish which eats during the night. All of our kamaaina fish don't eat at night and they compete for the same food that goes out and feed the deep fish like the onaga. I just wanted to share that information.

"Thank you, Mr. Speaker."

Additional remarks by Representative Kahikina are hereby inserted:

"Mr. Speaker, as this measure goes through the process, I hope that further considerations to have the local fishermen or women have an opportunity involved in the process. Also, DLNR testified to the fact that the fish is being depleted from our ocean, especially the deep-sea fishes such as the onaga, etc. While it is true that the lack of regulating net fishing methods are contributing to the fish depletion, another factor is that years ago an alien fish was let out into our sea called Taape. I personally have seen this fish overpopulating our sea, of which the local people do not favor to eat. This nocturnal fish eats the same bait that the local fishes eat. Our local fishes are not nocturnal, but the food that they eat come out at night, such as the juvenile squid, crabs, lobsters and bait fishes, of which the Taape feeds on them at night. This food is the same food that the deep-sea fishes eat also. With the Taape eating the food before they get a chance to migrate out into the deep, it is also affecting the depletion of the fishes. Please consider the fact that we may have contributed to the problem by the introduction of this alien fish."

Representative Tom then rose and stated:

"First of all, in response to the inaction by the Legislature which would then let the rule continue, I would object to that only because I think that would serve a lot of impetus for DLNR, not to assist the Legislature in trying to respond to make the rules into statutes because by them not doing it, we would have to do all the work. And I think keeping the fire to the feet of any agency is important.

"The statement has been made about having a lot of faith in the administrative rules. I would like to point out that even with DLNR and the boating area as this Representative would know, in 1991 the Legislature passed the Kaneohe Task Force to adopt rules for boating in Kaneohe Bay. It's been eight years later and we're still waiting for the rules to come into effect. So I'm wondering about the administrative rules.

"The final thing, Mr. Speaker, is just to say this: as part of the statutes that they wanted to sweep away and lead by rules, these statutes in the aquatic resource area were for example prohibiting the use of guns and weapons to kill fish or spears, or to prohibit throwing your gear into the water. Now, these are prohibitions which are clear on its face. To ask us to sweep these kinds of statutes away and adopt rules, I would certainly question the integrity and philosophy of DLNR to wipe out laws that I believe are very clear in its face and should remain in the statutory conform of the Legislature.

"Thank you, Mr. Speaker."

Representative Morita then rose and stated:

"I also have reservations on this measure and would like to have that noted, and I would like to take the remarks of the Representatives from Manoa, Kohala and Kailua as my own," and the Chair "so ordered." (By reference only)

The motion was put to vote by the Chair and carried, and the report of the Committee was adopted and H.B. No. 2878, HD 1, entitled: "A BILL FOR AN ACT RELATING TO AQUATIC RESOURCES," passed Third Reading by a vote of 47 ayes, with Representatives Cachola, Chang, Souki and Yoshinaga being excused.

Stand. Com. Rep. No. 742-98 and H.B. No. 2867:

On motion by Representative Okamura, seconded by Representative M. Oshiro and carried, the report of the Committee was adopted and H.B. No. 2867, entitled: "A BILL FOR AN ACT RELATING TO EMPLOYMENT ON PUBLIC WORKS PROJECTS," passed Third Reading by a vote of 47 ayes, with Representatives Cachola, Chang, Souki and Yoshinaga being excused.

Stand. Com. Rep. No. 743-98 and H.B. No. 2332, HD 2:

On motion by Representative Okamura, seconded by Representative M. Oshiro and carried, the report of the Committee was adopted and H.B. No. 2332, HD 2, entitled: "A BILL FOR AN ACT RELATING TO THE TRAFFIC CODE," passed Third Reading by a vote of 47 ayes, with Representatives Cachola, Chang, Souki and Yoshinaga being excused.

The Chair directed the Clerk to note that H.B. Nos. 2866, 3185, 3291, 2816, 2817, 2529, 2878, 2867 and 2332 had passed Third Reading at 1:00 o'clock p.m.

Stand. Com. Rep. No. 744-98 and H.B. No. 2843, HD 1:

On motion by Representative Okamura, seconded by Representative M. Oshiro and carried, the report of the Committee was adopted and H.B. No. 2843, HD 1, entitled: "A BILL FOR AN ACT RELATING TO DRUG DEMAND REDUCTION ASSESSMENTS," passed Third Reading by a vote of 49 ayes, with Representatives Arakaki and Souki being excused.

Stand. Com. Rep. No. 745-98 and H.B. No. 2847, HD 2:

On motion by Representative Okamura, seconded by Representative M. Oshiro and carried, the report of the Committee was adopted and H.B. No. 2847, HD 2, entitled: "A BILL FOR AN ACT RELATING TO SOLID WASTE MANAGEMENT," passed Third Reading by a vote of 49 ayes, with Representatives Arakaki and Souki being excused.

Stand. Com. Rep. No. 746-98 and H.B. No. 3257, HD 2:

On motion by Representative Okamura, seconded by Representative M. Oshiro and carried, the report of the Committee was adopted and H.B. No. 3257, HD 2, entitled: "A BILL FOR AN ACT RELATING TO CRIMINAL HISTORY CHECKS," passed Third Reading by a vote of 49 ayes, with Representatives Arakaki and Souki being excused.

Stand. Com. Rep. No. 747-98 and H.B. No. 3494, HD 1:

Representative Okamura moved that the report of the Committee be adopted and H.B. No. 3494, HD 1, pass Third Reading, seconded by Representative M. Oshiro.

Representative Stegmaier rose to speak in support of the bill, stating:

"While I don't think it's the best arrangement, there are people in our society who need to live in public housing. I have always been concerned about the management of public housing because I see so frequently that public housing projects deteriorate both physically and socially. One of the major causes of social and sometimes physical deterioration of public housing projects are residents who act in a manner that harms the peace and well-being of their neighbors.

"This bill gives the Hawaii Housing Authority the ability to remove bullies -- people whose callous behaviour is threatening to others from public housing projects so that these projects will be safe, secure, comfortable places for the vast majority of law-abiding, courteous public housing project residents.

"For this reason, I strongly support this measure.

"Thank you."

Representative Thielen then rose in opposition to the bill, stating:

"Mr. Speaker, my objections to the bill are really similar to those raised by the Legal Aid Society of Hawaii. The Legal Aid Society of Hawaii is not supportive of people that are physically violent, abusive or in other ways, cause significant health and safety hazards to a public housing project. They are supportive of people's basic rights, and that government has a solid and firm basis for doing what it is going to do.

"This bill, on page 2, allows for speculation, particularly in line 13, where a Housing Authority person would determine that some actions or activity 'may' interfere with the health, safety or right to peaceful enjoyment of the premises. That doesn't mean that it has or that there is a definite finding that it will. It just says that it may -- merely speculative. And I think that this is why the Legal Aid Society was concerned. I don't believe there is a need for this legislation but I may be corrected. The federal law covers the issue and if so, then the State law becomes redundant.

"Also, the Hawaii Housing Authority is empowered to adopt regulations pursuant to federal law. In the event the federal law then is amended, the State would have to change this duplicative law which is a needless waste of time and energy.

"I also understand that in July of this year, HHA will merge into a new agency and the section of HRS, Chapter 356, which governs HHA, will be completely repealed. This bill is attempting to revise the chapter which

supposedly is going to be repealed in a matter of months. And then as we all know, finally, HHA has the power to immediately evict tenants who use drugs. This power is sufficient and does not allow for speculative evictions which this law endorses with its use of the words 'may interfere.'

"For these reasons, I oppose this bill, Mr. Speaker."

Representative M. Oshiro rose to speak in support of the bill with reservations, stating:

"The previous speaker has expressed some of my reservations on this bill. I would just like to add that this bill, given the language and the 'may' that is used on page 2, may run into some problems as far as being void for vagueness in enforcing this particular statute. But I understand also that this is required by federal law in order for HHA to draw down federal moneys. For those reasons, I support it but with reservations.

"Thank you, Mr. Speaker."

Additional remarks by Representative M. Oshiro are hereby inserted:

"I vote in support with reservations on House Bill 3494 HD 1, a bill relating to the Hawaii Housing Authority because it is vague, overly broad, and subject to arbitrary use. I agree wholeheartedly with the bill's intent which is to allow for the exclusion and eviction from public housing projects certain tenants whose habits and practices have a detrimental effect on the residents of the project or on the project environment, including those who are illegal drug or alcohol abusers. However, I disagree with the specific wording of this bill which allows the Authority too much discretion when determining which people can occupy a unit and which people will be evicted.

"First, this bill is inconsistent and broader than the federal Housing Opportunity Programs Extension Act of 1996 (Public Law 104-20) ('Act') which it purports to be in compliance with. The federal Act requires the State's public housing authority ('Authority') to adopt rules consistent with the following: 'INELIGIBILITY OF ILLEGAL DRUG USERS AND ALCOHOL ABUSERS'; IN GENERAL-Notwithstanding any other provision of law, a public housing agency shall establish standards for occupancy in public housing dwelling units and assistance under section 8--(A) that prohibit **occupancy** in any public housing dwelling unit by, and assistance under section 8 for, and person--(i) who the public housing agency **determines is** illegally using a controlled substance; or (ii) if the public housing agency determines that it has reasonable cause to believe that such person's illegal use (or pattern of illegal use) of a controlled substance, or abuse (or pattern of abuse) of alcohol, **may** interfere with the health, safety, or right to peaceful enjoyment of the premises by other residents of the project; and (A) that allow the public housing agency to terminate the **tenancy** in any public housing unit of, and the assistance under section 8 for, any person--(i) who the public housing agency **determines is** illegally using a controlled substance; or (ii) whose illegal use of a controlled substance, or whose abuse of alcohol, **is determined** by the public housing agency to interfere with the health, safety, or right to peaceful enjoyment of the premises by other residents of the project.

"As stated, the federal Act implies that a finding of illegal drug and/or alcohol abuse is a condition to deny occupancy or to terminate a tenancy.

"This bill incorrectly combines the separate federal standards to be used in determining occupancy and

tenancy into one standard. In effect, in this bill, the federal standard for determining eligibility for occupancy is used for both determining occupancy and eviction.

"Second, it allows the Authority too much latitude in its decision making because it can deny occupancy or determine to evict someone based on the Authority's belief that a person's illegal use or pattern of illegal use of a controlled substance, or abuse or pattern of abuse of alcohol, **may** interfere with the health, safety, or right to peaceful enjoyment of the premises by other residents of the project. This is much lower standard of proof than an administrative or judicial finding. The Authority does not have to show that such behavior has actually caused such interference, only that it might cause such interference. Such latitude leaves people applying for a unit and the tenants subject to the whims of the Authority.

"Under this bill, a tenant who has a pattern of abusing alcohol but is receiving treatment for such abuse and has not done anything to interfere with the other tenants or the housing environment could be evicted from housing because the Authority believes that this tenant's pattern of past alcohol abuse **may** someday cause such an interference. This would not only be unfair but would unduly penalize those individuals who may have a drug or alcohol problem but are seeking adequate treatment.

"Finally, this bill allows the Authority: 'to prohibit occupancy or terminate the tenancy in any housing project with respect to any person whose habits and practices reasonably **may** be expected to have a detrimental effect on the residents of that project or the project environment'. Once again, this bill does not require the Authority to show that such habits or practices of an applicant or a tenant has in fact **had** a detrimental effect. It only requires that the Authority believe that such habits or practices of the person **may be reasonably expected** to have a detrimental effect on the residents in the housing or the project environment. What habits or practices may be reasonably expected to have a detrimental effect on the residents or the environments is left up to the discretion of the Authority and can be subject to many interpretations, and hence, lead to arbitrary enforcement.

"While the State can adopt rules or laws which go beyond the minimum federal requirements, this bill allows the Authority too much discretion and not enough guidelines. A balance must be struck to not only protect the health, safety, and right to peaceful enjoyment of the premises by other tenants but also to protect the tenants from arbitrary determinations by the Authority as to what habits or practices will not be tolerated regardless of whether such behavior has actually caused an interference with the other tenants or in the housing environment.

"While I understand and support the intent of this measure, I cannot give my full endorsement to this current draft of this bill until a more balanced approach is established. I urge our Senate counterparts to address my concerns."

Representative Santiago rose in support of the bill, stating:

"For all practical purposes, I am not sure how many of the members in this House actually have these kinds of housing projects in their area, but I do, and for the last four years -- four years -- I have been working with the department in trying to implement what I understood to be existing policies, et cetera, et cetera. It is my understanding that this kind of legislation will be more enabling, it is very directive, they will establish the rules. Let me just say, for all practical purposes for those individuals, and I would like to echo what Representative Stegmaier had mentioned earlier.

"You know, we have a lot of individuals who are very frail -- the elderly who live in these elderly projects -- and within those projects, because of the federal regulations, they have placed individuals who really do not belong there. The Hawaii Housing Authority has had very difficult times evicting these individuals. And so I am hoping that this bill will move forward. I am hoping that further discussion and any 'light' that could be shed on the topic by those from Legal Aid or others who can help us to achieve our goal of simply helping those individuals in these projects from being protected from what was referred to as bullies are there, et cetera, can be achieved.

"Thank you, Mr. Speaker."

Representative Morita submitted the following remarks for insertion into the Journal:

"Mr. Speaker, I rise in support of this measure and would like to thank the authors of this bill in addressing a growing problem in my district which was highlighted in a front page news story on Kauai last year.

"Unfortunately, the tenancy of public housing projects within my district include a mix of elderly residents and others who qualify for public housing for other reasons. There have been incidents of tenants, former tenants, and guests of tenants who are disruptive and abusive under the influence of drugs and alcohol, to the detriment, security and peace of mind and enjoyment of these elderly tenants.

"Hopefully, through this measure, the Hawaii Housing Authority can effectively address, through rules, a fair and expeditious process to deal with the problem tenants and/or their guests with substance abuse problems who threaten the health, safety and peaceful enjoyment of the premises by the public housing residents."

The motion was put to vote by the Chair and carried, and the report of the Committee was adopted and H.B. No. 3494, HD 1, entitled: "A BILL FOR AN ACT RELATING TO THE HAWAII HOUSING AUTHORITY," passed Third Reading by a vote of 48 ayes to 1 no, with Representative Thielen voting no, and Representatives Arakaki and Souki being excused.

Stand. Com. Rep. No. 748-98 and H.B. No. 3581, HD 1:

On motion by Representative Okamura, seconded by Representative M. Oshiro and carried, the report of the Committee was adopted and H.B. No. 3581, HD 1, entitled: "A BILL FOR AN ACT RELATING TO STATEWIDE TRAFFIC CODE," passed Third Reading by a vote of 49 ayes, with Representatives Arakaki and Souki being excused.

Stand. Com. Rep. No. 749-98 and H.B. No. 2862, HD 2:

On motion by Representative Okamura, seconded by Representative M. Oshiro and carried, the report of the Committee was adopted and H.B. No. 2862, HD 2, entitled: "A BILL FOR AN ACT RELATING TO SERVICES FOR DEVELOPMENTAL DISABILITIES," passed Third Reading by a vote of 49 ayes, with Representatives Arakaki and Souki being excused.

Stand. Com. Rep. No. 750-98 and H.B. No. 3033, HD 2:

Representative Okamura moved that the report of the Committee be adopted and H.B. No. 3033, HD 2, pass Third Reading, seconded by Representative M. Oshiro.

Representative Kawanakoa rose to speak in support of the bill with reservations, stating:

"This is the privatization of correctional facilities contracts. You know, my long outstanding support of using the private sector was appropriate in government to reduce costs to better the quality of services. It makes sense as a tool, as a way that we can reduce our costs and otherwise help in our budgetary shortfalls that we're discussing so earnestly today or will be.

"My concern is that when this first came out, and I have to commend the Chair of the Public Safety Committee, because he is trying earnestly to bring about the changes, or hopefully the use of the private sector to reduce our costs and have better quality services within the Department of Public Safety, in particular, the construction of private prisons.

"This chapter with the new section will allow for contracts for privatized correctional facilities. It was interesting, this was a short form bill when it first came out, on line, I believe it was on line 11, it would have provided that the State may execute contracts with any private entity for the construction, I believe the words 'and operation' of correctional facilities on public lands of Hawaii and so forth. I felt that it was very important to allow the Governor and our State the opportunity to not only construct our prisons with private contractors, but to also, if it made sense, if it is penciled out and there was more economic and better quality, to go ahead and use the private sector in operating that prison.

"I know that we need to take one step at a time, but I wanted to add that comment because ideas have consequences as we all know. We held the forum three years ago about having a private prison here in our islands and many of us took shots, eyebrows were raised. I had some discussions with the leader of UPW, and it is interesting to note that in the State of the State, the Governor mentioned privatization and building a prison on the Big Island, and there was a standing round of applause, including that particular UPW union leader. So, I hope that we would still have that option in the future.

"Thank you, Mr. Speaker."

The motion was put to vote by the Chair and carried, and the report of the Committee was adopted and H.B. No. 3033, HD 2, entitled: "A BILL FOR AN ACT RELATING TO CORRECTIONS," passed Third Reading by a vote of 49 ayes, with Representatives Arakaki and Souki being excused.

Stand. Com. Rep. No. 751-98 and H.B. No. 3106, HD 2:

On motion by Representative Okamura, seconded by Representative M. Oshiro and carried, the report of the Committee was adopted and H.B. No. 3106, HD 2, entitled: "A BILL FOR AN ACT RELATING TO INSURANCE," passed Third Reading by a vote of 46 ayes to 3 noes, with Representatives Aiona, McDermott and Whalen voting no, and Representatives Arakaki and Souki being excused.

Stand. Com. Rep. No. 752-98 and H.B. No. 3200, HD 1:

On motion by Representative Okamura, seconded by Representative M. Oshiro and carried, the report of the

Committee was adopted and H.B. No. 3200, HD 1, entitled: "A BILL FOR AN ACT RELATING TO THE PUBLIC EMPLOYEES HEALTH FUND," passed Third Reading by a vote of 49 ayes, with Representatives Arakaki and Souki being excused.

Stand. Com. Rep. No. 753-98 and H.B. No. 3437, HD 2:

On motion by Representative Okamura, seconded by Representative M. Oshiro and carried, the report of the Committee was adopted and H.B. No. 3437, HD 2, entitled: "A BILL FOR AN ACT RELATING TO FUNDING THE HAWAII HURRICANE FUND," passed Third Reading by a vote of 49 ayes, with Representatives Arakaki and Souki being excused.

The Chair directed the Clerk to note that H.B. Nos. 2843, 2847, 3257, 3494, 3581, 2862, 3033, 3106, 3200 and 3437 had passed Third Reading at 1:10 o'clock p.m.

Stand. Com. Rep. No. 754-98 and H.B. No. 3452, HD 2:

Representative Okamura moved that the report of the Committee be adopted and H.B. No. 3452, HD 2, pass Third Reading, seconded by Representative M. Oshiro.

Representative Stegmaier rose to speak in support of the bill with strong reservations, stating:

"This measure, as originally introduced, would have allowed the Department of Education to increase the cost of school lunches to up to one half the cost of preparing the school lunch. The Education Committee determined that rather than raise the cost of school lunches, we need to have schools do their own internal audits to determine whether they might come up with the kinds of savings that one elementary school was able to obtain by doing an audit of those who were asking for free and reduced lunches, many of whom did not qualify.

"The bill went on to the Finance Committee where the language was changed again and now the measure that we're voting on today would increase the cost of our lunches or at least allow the Department to increase the cost to up to a dollar fifty per lunch from 75 cents which it is right now. While I agreed with the recommendation of the Board to balance the education budget by looking at increasing lunches, I believe that this increase is too high.

"I also am troubled that the requirement that the schools do an audit was left out of this draft, and for this reason I am supporting this measure at this stage in the legislative process but want to express my serious reservations about the draft as it stands right now.

"Thank you."

Representative Kahikina rose to speak in support of the bill with reservations, stating:

"Mr. Speaker, this bill speaks really loud and clear to the topic of an elected or appointed school board. I really believe that the elected school board, as it is right now, should have this responsibility, and my reservation is of that nature. And again, I want to reiterate this speaks loud and clear that perhaps if this body is going take on this type of administrative lawmaking, then we should perhaps have the ability to appoint the school board.

"Thank you."

Representative Takai rose and stated:

"I would just like to register an aye vote with reservations and ask that the words of the Representative from Hawaii Kai be inserted into the Journal as if they were my own, and the Chair "so ordered." (By reference only)

Representative Tarnas rose and asked the Clerk to record an aye with reservations for him, and the Chair "so ordered."

Representative Moses rose and asked the Clerk to record an aye with reservations for him and requested that the remarks of the Representative from Hawaii Kai be inserted into the Journal as his own, and the Chair "so ordered." (By reference only)

Representative Takumi rose and asked the Clerk to record an aye with reservations for him, and the Chair "so ordered."

Representative McDermott rose to speak against the bill, stating:

"I will not vote to increase the cost of school lunches, increase the cost to families -- young families -- struggling to make it in our economy.

"Thank you."

Representative Morita then rose and asked the Clerk to record an aye with reservations for her and requested that the words of the Representative from Hawaii Kai be incorporated into the Journal as her own, and the Chair "so ordered." (By reference only)

Representative Kawanakoa rose and said:

"Same request, Mr. Speaker," and the Chair "so ordered."

Representative Marumoto submitted the following remarks for insertion into the Journal:

"Although the cost of providing school lunches far exceeds the proposed cost of \$1, this increase may pose an imposition on many families.

"Also, I am alarmed by the number of fee increases proposed by the Legislature this year. Also discussed were increases in the A+ program and school bus transportation. In addition, the cost of every State license appears to be increasing, and many new special funded programs will be charging fees to support themselves.

"The school lunch program, fortunately, is heavily subsidized by the federal government. Yet, the cost to the State is growing. The Department of Education should examine opportunities to reduce some of these costs. For instance, the possibility of providing lunch catered by the private sector could be investigated. This should be considered at least for the extra days resulting from the new teacher contract. A privatized lunch could be a welcome change to students and teachers alike."

The motion was put to vote by the Chair and carried, and the report of the Committee was adopted and H.B. No. 3452, HD 2, entitled: "A BILL FOR AN ACT RELATING TO EDUCATION," passed Third Reading by a vote of 46 ayes to 4 noes, with Representatives Kawanakoa, Marumoto, McDermott and Ward voting no, and Representative Stegmaier being excused.

Stand. Com. Rep. No. 755-98 and H.B. No. 3461, HD 2:

On motion by Representative Okamura, seconded by Representative M. Oshiro and carried, the report of the Committee was adopted and H.B. No. 3461, HD 2, entitled: "A BILL FOR AN ACT RELATING TO A REVOLVING LOAN PROGRAM FOR BUSINESS OPPORTUNITIES ON THE ISLAND OF HAWAII," passed Third Reading by a vote of 50 ayes, with Representative Stegmaier being excused.

Stand. Com. Rep. No. 756-98 and H.B. No. 2449, HD 2:

Representative Okamura moved that the report of the Committee be adopted and H.B. No. 2449, HD 2, pass Third Reading, seconded by Representative M. Oshiro.

Representative Meyer submitted the following remarks for insertion into the Journal:

"I would like to support H.B. 2449, HD 2, with reservations. My reservation arises out of a section of the bill that was deleted: the exemption from the wage and labor law provisions for construction contracts awarded to qualified community programs.

"These community programs that are doing the work outlined in this bill are rehabilitation centers such as Goodwill and the Salvation Army. These agencies provide rehabilitation services for disabled individuals who can take the skills learned on the job and begin to live independently or begin their lives anew.

"I believe that the deletion of the Section I am referring to is simply to protect powerful union/construction interests. Yet these interests need no protection from community rehabilitation programs. The amount of construction done by members of these facilities is a very small amount. There is no intent, or even a likelihood that these rehabilitation centers would compete with or undermine existing union or non-union construction companies. Community rehabilitation programs of this nature exist simply to help improve disabled peoples lives. In order to survive, rehabilitation centers need to be exempt from wage and labor law provisions for construction contracts--they are not intended to function as competing companies, but as places for individuals to learn new skills and make changes in their lives.

"I would like to give this bill my full support but I cannot as long rehabilitation community programs are not given exemption from laws that were not intended to include such work in the first place."

The motion was put to vote by the Chair and carried, and the report of the Committee was adopted and H.B. No. 2449, HD 2, entitled: "A BILL FOR AN ACT RELATING TO COMMUNITY REHABILITATION PROGRAMS," passed Third Reading by a vote of 50 ayes, with Representative Stegmaier being excused.

Stand. Com. Rep. No. 757-98 and H.B. No. 2646, HD 2:

Representative Okamura moved that the report of the Committee be adopted and H.B. No. 2646, HD 2, pass Third Reading, seconded by Representative M. Oshiro.

Representative Moses rose to speak in support of the bill, stating:

"I support the intent of the bill and 99.9 percent of what's in it. I do want to voice some concerns that maybe can be worked out when it goes to conference and that is, that in the bill the current fee schedule for this... let me explain what it's for first. The Coordinated Care Organizations will be allowed to provide medical support

to people, including workmen's compensation, and it is a good bill for that.

"However, the fee schedule in the bill is 110 percent of the Medicare fee schedule, and it was just a couple of years ago that the fee schedule was reduced from about 155 percent, I think it was, down to 110 percent.

"We had a lot of testimony on this bill and what we heard was we are actually keeping people out of the market. We don't have competition because some of the doctors just can't afford to provide the services necessary at such a low fee schedule. So I think by increasing the fee schedule to 145 to 150 percent, we would actually increase competition and lower overall prices.

"Thank you, Mr. Speaker."

Representative Marumoto rose to speak in favor of the bill with reservations, stating:

"I note that the Department of Labor testified that the Coordinated Care Organizations could be implemented without legislation, that people are doing it now and can do it in the future. So I do not see why some Coordinated Care Organizations have to be certified and pay a ten thousand dollar fee to the Department of Labor to be registered. So I am hoping that maybe this fee can be abolished in future drafts.

"Thank you."

Representative Yonamine then rose and asked that his written comments be entered into the Journal, and the Chair "so ordered."

Representative Yonamine continued, saying:

"I speak in support of the bill because this bill is very similar to two other bills we have passed during the past legislative sessions, and I do want to comment first on the medical fee schedule. It's because of the 110 percent over Medicaid that the premiums for all employers paying workers' compensation have been reduced by 37 percent, and also impacted upon your auto insurance industry, too.

"So I want to say that we have to pass this bill because it specifies guidelines to assist a CCO in forming a system of coordinated care, and to assist the employer, the workers' compensation insurer and/or bargaining unit, all non-bargaining units who are employers and employees. And so we have a whole series of reforms put in, guidelines, certifications and standards which should be put in place before we have all the problems arising from an unregulated industry. So I strongly urge for your support.

"Thank you."

Representative Yonamine's remarks are as follows:

"Mr. Speaker, House Bill 2646 brings about significant changes in the organization and delivery of health care for injured workers.

"I believe (my Committee and I believe) that the reform of the health care system for workers compensation as spelled out in this bill will aid in the economic revitalization of our State. But of more importance is the delivery of high quality health care to workers injured on the job.

"The Coordinated Care Organizations bill specifies guidelines to assist a registered CCO in forming a system of coordinated care and to assist the employer, the

workers' compensation insurer, or bargaining unit in selecting a coordinated care organization.

"The system of coordinated care providing coverage for the medical and rehabilitative benefits of a policy required by this bill shall have a number of purposes:

- * Minimize workplace injuries through cooperative efforts among the employer, the insurer, the employee, and the CCO;
- * Provide efficient, cost effective, and timely treatment through a coordinated system of quality health care; treatment and utilization guidelines; open and direct communication and cooperation between and among employers, employees, the insurer, and the coordinated care organization;
- * Make available a variety of medical specialties and a choice of providers to the employee;
- * Provide a prompt and appropriate return to work program to assist the injured worker and further to provide the employer and the insurer with timely medical information, including work return status and recommended work restrictions;
- * Require a CCO to assign a case manager, who must be a registered nurse;
- * Provide a vocational rehabilitation program for employers who cannot return to work; and
- * Establishes a program of internal dispute resolution processes to reduce the adversarial nature of workers' compensation.

"The section on workplace health and safety is a preventative measure. Maintaining good health and minimizing the risks of injury and illness lead to happy and productive workers while simultaneously reducing costs to the employer.

"This measure is similar in intent and purpose of H.B. 4096 introduced in and passed by the House during the 1996 legislative session and H.B. 102, HD 2, that was also passed by the House last session. Unfortunately, both measures were held in the Senate and did not receive a hearing. We are now in the third session trying to enact legislation for the benefit of injured workers. It is imperative that the Legislature act on this measure this session.

"This is a bill worthy of strong support from each of you, my fellow Representatives. I urge you to vote in favor of H.B. 2646."

Representative Yamane then rose to speak in support of the bill, stating:

"Mr. Speaker, this is a pro-business bill -- small business and big business. For those Representatives that are looking to increase the medical fee schedule, then they should all go back to their businessmen in their districts and tell them if they want to have any fee schedule, that they will have increased workers' compensation prices.

"The medical fee schedule that we changed in 1995 was a major reason that workers' compensation rates came down. Now for those people who want to go back and change these things, they might be considered wanting to increase the cost of business. And I believe, if I am not mistaken, Mr. Speaker, our goal is to be pro-business to revitalize our economy and not be anti-business.

"Thank you, Mr. Speaker."

Representative White then rose to speak in support of the bill, stating:

"I would just like to point out that a move from 110 percent of the medical fee schedule to 145 percent would increase premiums by about ten percent, so we need to keep that in mind as we're considering this bill. It may be important for us to go back and take another look at the medical fee schedule and see what kind of inflation has taken place in the basic numbers there because if I am not mistaken, the medical profession has enjoyed a far greater level of inflation in their pricing than any other sector in our economy. If that is not the case because of the medical fee schedule, then maybe this needs to be looked at, but at this point I think this measure is a very important one. It should move forward and maybe it is something we can consider as we look at it further during the rest of the session.

"Thank you, Mr. Speaker."

The motion was put to vote by the Chair and carried, and the report of the Committee was adopted and H.B. No. 2646, HD 2, entitled: "A BILL FOR AN ACT RELATING TO COORDINATED CARE ORGANIZATIONS," passed Third Reading by a vote of 48 ayes to 2 noes, with Representatives McDermott and Takamine voting no, and Representative Stegmaier being excused.

Stand. Com. Rep. No. 758-98 and H.B. No. 2547, HD 2:

Representative Okamura moved that the report of the Committee be adopted and H.B. No. 2547, HD 2, pass Third Reading, seconded by Representative M. Oshiro.

Representative Abinsay rose to speak in favor of the bill, stating:

"Mr. Speaker, construction of the slaughterhouse and waste treatment plant, which this measure will provide, is estimated to create between two hundred sixty to three hundred jobs. This is an industry that is ripe for growth and expansion. The issuance of special purpose revenue bonds to build this project is really in line with the proposals in the Economic Revitalization Stimulus Package.

"I congratulate your Chairman of the Agriculture Committee, Representative Jones, for having the vision and the willingness to try to identify and find ways that would help to resolve the many problems facing all the farmers in Hawaii today, and the slaughterhouse is no exception.

"Mr. Speaker and members of the House, this bill is a step in the right direction in the interest of public health and public safety as well as the overall economic welfare of our State, and I urge all of you to support its passage.

"Thank you, Mr. Speaker."

The motion was put to vote by the Chair and carried, and the report of the Committee was adopted and H.B. No. 2547, HD 2, entitled: "A BILL FOR AN ACT RELATING TO AGRICULTURE," passed Third Reading by a vote of 50 ayes, with Representative Stegmaier being excused.

Stand. Com. Rep. No. 759-98 and H.B. No. 2470, HD 2:

On motion by Representative Okamura, seconded by Representative M. Oshiro and carried, the report of the

Committee was adopted and H.B. No. 2470, HD 2, entitled: "A BILL FOR AN ACT RELATING TO SECURITIES," passed Third Reading by a vote of 50 ayes, with Representative Stegmaier being excused.

Stand. Com. Rep. No. 760-98 and H.B. No. 2670, HD 2:

On motion by Representative Okamura, seconded by Representative M. Oshiro and carried, the report of the Committee was adopted and H.B. No. 2670, HD 2, entitled: "A BILL FOR AN ACT RELATING TO PSYCHOLOGISTS," passed Third Reading by a vote of 50 ayes, with Representative Stegmaier being excused.

Stand. Com. Rep. No. 761-98 and H.B. No. 2852, HD 2:

On motion by Representative Okamura, seconded by Representative M. Oshiro and carried, the report of the Committee was adopted and H.B. No. 2852, HD 2, entitled: "A BILL FOR AN ACT RELATING TO TELEHEALTH," passed Third Reading by a vote of 50 ayes, with Representative Stegmaier being excused.

Stand. Com. Rep. No. 762-98 and H.B. No. 3183, HD 2:

On motion by Representative Okamura, seconded by Representative M. Oshiro and carried, the report of the Committee was adopted and H.B. No. 3183, HD 2, entitled: "A BILL FOR AN ACT RELATING TO MOTOR CARRIERS," passed Third Reading by a vote of 50 ayes, with Representative Stegmaier being excused.

Stand. Com. Rep. No. 763-98 and H.B. No. 3331, HD 2:

On motion by Representative Okamura, seconded by Representative M. Oshiro and carried, the report of the Committee was adopted and H.B. No. 3331, HD 2, entitled: "A BILL FOR AN ACT RELATING TO HISTORIC PRESERVATION," passed Third Reading by a vote of 50 ayes, with Representative Stegmaier being excused.

The Chair directed the Clerk to note that H.B. Nos. 3452, 3461, 2449, 2646, 2547, 2470, 2670, 2852, 3183 and 3331 had passed Third Reading at 1:21 o'clock p.m.

Stand. Com. Rep. No. 764-98 and H.B. No. 1099, HD 2:

On motion by Representative Okamura, seconded by Representative M. Oshiro and carried, the report of the Committee was adopted and H.B. No. 1099, HD 2, entitled: "A BILL FOR AN ACT RELATING TO OCCUPATIONAL THERAPISTS," passed Third Reading by a vote of 48 ayes to 1 no, with Representative White voting no, and Representatives Jones and Nakasone being excused.

Stand. Com. Rep. No. 765-98 and H.B. No. 2490, HD 3:

Representative Okamura moved that the report of the Committee be adopted and H.B. No. 2490, HD 3, pass Third Reading, seconded by Representative M. Oshiro.

Representative Herkes rose to speak in support of the bill, stating:

"Mr. Speaker, this bill clarifies the intent of this body when it passed Act 80 in 1994.

"Act 80 addressed substandard telephone service in the rural areas of Hawaii, particularly the wide spread use of party lines. The Act also allowed the PUC to authorize an alternative dial tone provider for the identified underserved areas in the State.

"Under the provisions of Act 80 and Act 225 in 1995, the PUC determined that Ka'u on the Big Island, the Ka'u area, was 'underserved' and they put the area out to bid. Tel Hawaii, a subsidiary of Tel Alaska, was awarded the area in competitive bidding. There were five bidders for the area. However, GTE HawTel persists in its opposition to the PUC order, even to the point of getting fined \$225,000.

"This bill clarifies the intent of this body when it passed the telecommunication acts of 1994 and 1995, and allows the PUC to decertify the existing dial tone provider that was found to have provided inadequate service for decades.

"This is a pro-competition bill and a pro-consumer bill.

"Thank you."

The motion was put to vote by the Chair and carried, and the report of the Committee was adopted and H.B. No. 2490, HD 3, entitled: "A BILL FOR AN ACT RELATING TO TELECOMMUNICATIONS," passed Third Reading by a vote of 48 ayes to 1 no, with Representative Kawananakoa voting no, and Representatives Jones and Nakasone being excused.

Stand. Com. Rep. No. 766-98 and H.B. No. 2701, HD 2:

Representative Okamura moved that the report of the Committee be adopted and H.B. No. 2701, HD 2, pass Third Reading, seconded by Representative M. Oshiro.

Representative Herkes rose to speak in support of the bill, stating:

"Mr. Speaker, this bill addresses 'slamming.' Slamming is the practice of having your long distance carrier switched without your consent, and the practice is widespread in Hawaii and across the nation. This bill requires the PUC to 'slam' those long distance companies that persist in this practice.

"Many consumers do not know when they have been slammed and don't know what to do about it. I have been slammed twice. Representative Ahu Isa has been slammed twice and, members, if you aren't checking your phone bills, you probably have been slammed.

"There are ways to stop slamming. First, advise your constituents to call their local dial tone provider, in most cases that is GTE HawTel, and ask for a PIC restriction. With a PIC restriction in place, you cannot have your long distance provider changed without your written approval, and finally, to stop slamming, vote for this bill.

"Thank you."

Representative Goodenow then rose to speak in support of the bill, stating:

"I would just like Representative Herkes' comments to be inserted as my own," and the Chair "so ordered," (By reference only).

"As one who has been personally slammed too, it was very frustrating, and I am very thankful for this bill.

"Thank you."

The motion was put to vote by the Chair and carried, and the report of the Committee was adopted and H.B. No. 2701, HD 2, entitled: "A BILL FOR AN ACT RELATING TO TELECOMMUNICATION," passed Third Reading by a vote of 49 ayes, with Representatives Jones and Nakasone being excused.

Stand. Com. Rep. No. 767-98 and H.B. No. 3127, HD 2:

On motion by Representative Okamura, seconded by Representative M. Oshiro and carried, the report of the Committee was adopted and H.B. No. 3127, HD 2, entitled: "A BILL FOR AN ACT RELATING TO LAND USE," passed Third Reading by a vote of 46 ayes to 3 noes, with Representatives Aiona, Fox and Kawanakoa voting no, and Representatives Jones and Nakasone being excused.

Stand. Com. Rep. No. 768-98 and H.B. No. 3302, HD 2:

On motion by Representative Okamura, seconded by Representative M. Oshiro and carried, the report of the Committee was adopted and H.B. No. 3302, HD 2, entitled: "A BILL FOR AN ACT RELATING TO DEGREE GRANTING INSTITUTIONS," passed Third Reading by a vote of 49 ayes, with Representatives Jones and Nakasone being excused.

Stand. Com. Rep. No. 769-98 and H.B. No. 2680, HD 2:

On motion by Representative Okamura, seconded by Representative M. Oshiro and carried, the report of the Committee was adopted and H.B. No. 2680, HD 2, entitled: "A BILL FOR AN ACT RELATING TO STUDENT-CENTERED SCHOOLS," passed Third Reading by a vote of 49 ayes, with Representatives Jones and Nakasone being excused.

Stand. Com. Rep. No. 770-98 and H.B. No. 3443, HD 1:

On motion by Representative Okamura, seconded by Representative M. Oshiro and carried, the report of the Committee was adopted and H.B. No. 3443, HD 1, entitled: "A BILL FOR AN ACT RELATING TO LOANS," passed Third Reading by a vote of 49 ayes, with Representatives Jones and Nakasone being excused.

Stand. Com. Rep. No. 771-98 and H.B. No. 2971, HD 1:

On motion by Representative Okamura, seconded by Representative M. Oshiro and carried, the report of the Committee was adopted and H.B. No. 2971, HD 1, entitled: "A BILL FOR AN ACT RELATING TO WASTEWATER," passed Third Reading by a vote of 49 ayes, with Representatives Jones and Nakasone being excused.

Stand. Com. Rep. No. 772-98 and H.B. No. 3367, HD 1:

On motion by Representative Okamura, seconded by Representative M. Oshiro and carried, the report of the Committee was adopted and H.B. No. 3367, HD 1, entitled: "A BILL FOR AN ACT RELATING TO HEALTH TOURISM," passed Third Reading by a vote of 49 ayes, with Representatives Jones and Nakasone being excused.

Stand. Com. Rep. No. 773-98 and H.B. No. 2702, HD 2:

Representative Okamura moved that the report of the Committee be adopted and H.B. No. 2702, HD 2, pass Third Reading, seconded by Representative M. Oshiro.

Representative Herkes rose to speak in support of the bill, stating:

"Mr. Speaker, this House passed a Telecommunications Competition Act in 1995 -- Act 225. One of the essential ingredients in Act 225 was to require telephone rates in each exchange area to be based on cost and not on cross subsidy. This was important to encourage competition on a level playing field.

"The Universal Service Fund was established as an important part of Act 225 to provide support for high cost areas and for those who could not afford basic telephone service. This bill protects the Universal Service Fund from outside appropriation not associated with the intent of the fund and keeps Act 225 in balance.

"I would also say, Mr. Speaker, that serious consideration by the subject matter committees was given towards privatizing this fund and enabling the telecommunication carriers that contribute to the fund to manage it under rules provided by the PUC. If we did this, the fund would then have been subject to the federal tax laws and so it was impractical to do that, and so what we are asking to do is to put a wall around the Universal Service Fund.

"Thank you."

The motion was put to vote by the Chair and carried, and the report of the Committee was adopted and H.B. No. 2702, HD 2, entitled: "A BILL FOR AN ACT RELATING TO PUBLIC UTILITIES COMMISSION," passed Third Reading by a vote of 49 ayes, with Representatives Jones and Nakasone being excused.

The Chair directed the Clerk to note that H.B. Nos. 1099, 2490, 2701, 3127, 3302, 2680, 3443, 2971, 3367 and 2702 had passed Third Reading at 1:27 o'clock p.m.

Stand. Com. Rep. No. 774-98 and H.B. No. 3021, HD 1:

On motion by Representative Okamura, seconded by Representative M. Oshiro and carried, the report of the Committee was adopted and H.B. No. 3021, HD 1, entitled: "A BILL FOR AN ACT MAKING AN EMERGENCY APPROPRIATION FOR THE HAWAII HEALTH SYSTEMS CORPORATION," passed Third Reading by a vote of 46 ayes, with Representatives Goodenow, Ito, Nakasone, Santiago and Suzuki being excused.

Stand. Com. Rep. No. 775-98 and H.B. No. 3361, HD 3:

Representative Okamura moved that the report of the Committee be adopted and H.B. No. 3361, HD 3, pass Third Reading, seconded by Representative M. Oshiro.

Representative Arakaki rose to speak in strong support of the bill, stating:

"Let me start by thanking the House Leadership for making the issue of child protection a priority for the House as part of our Majority Package. I also want to thank the Human Services and Housing, Judiciary and Finance Committees for hearing and improving the bill as it moved on. I especially want to thank the participants of the Child Protective Services Reform Roundtable, which consisted of State and private agencies, child

advocates, parents and concerned citizens who voluntarily met at least twice a month to work on identifying and resolving critical issues for the reform of the Child Protective Services system.

"It was a few days after the reported abuse of Reuben Buentipo that I was able to see him lying in a coma, near death, in a hospital bed. It was there that I heard the horror and gut-wrenching account of abuses this tiny little body was subjected to throughout his four years of life, if you can call it that. From the description of his injuries, it sounded more like a prisoner of war subjected to torture. My first reaction, Mr. Speaker, was to have a bill drafted to require parents to be licensed in order to have children. After all, almost anyone can produce children, but it takes special people to be parents. It's funny, we can require licensure to drive a car but we probably all realize it would be unconstitutional to require licensing for parents.

"But I ask: what about the rights of children? Are there any rights for children, or are they merely chattel, subject to their parents whims? Children are at greater risk today because of substance abuse, increases in single parent households, not to mention increase in societal stresses. We, as a Legislature, need to respond to protect our State's assets and investments in the future of Hawaii.

"While House Bill 3361 addresses some very serious issues facing our Child Protective Services System, including making a child's health and safety a priority greater than reunification, to require reports of the Child Protective Multidisciplinary Team be submitted to the courts and to require CPS to be open, accessible and communicative to persons affected, as well as other provisions aimed at improving our CPS System, these, however, are all addressed after the abuse situations, and I think we all know by now that the most cost effective strategy of child abuse is not addressed in this bill, and that is prevention.

"Prevention and intervention of abuse and neglect requires community vigilance and involvement. It was sad to hear a neighbor of Reuben Buentipo say that she suspected some horrible abuse going on in the home. He was told by his wife that he should not get involved and that the problem should be left to the authorities.

"Mr. Speaker, if we expect to stop the tide of abuse and neglect, our communities and citizens must be a part of the solution. We cannot hope that others will take care of the problem. Cases like Reuben Beuntipo and Cedra Edwards represent just a tip of the iceberg of an insidious social disease that raises its ugly head in the form of children emotionally scarred and disturbed, in need of mental health services. It is reflected in the history of 90 percent or more of our inmates in our prisons, and it shows up in substance abuse teen pregnancy, gang violence, and those requiring institutional care. We cannot accept this. We must not tolerate it and we cannot wait.

"I will close with this quote from Gabriel Mistral, a Nobel Prize winning poet from Chile, and she says: 'We are guilty of many errors and many faults, but our worst crime is abandoning the children, neglecting the fountain of life. Many of the things we need can wait, the child cannot. Right now is the time his bones are being formed, his blood is being made, and his senses are being developed. To him we cannot answer, "Tomorrow." His name is "Today".'

"Thank you, Mr. Speaker."

The motion was put to vote by the Chair and carried, and the report of the Committee was adopted and H.B.

No. 3361, HD 3, entitled: "A BILL FOR AN ACT RELATING TO CHILD PROTECTION," passed Third Reading by a vote of 46 ayes, with Representatives Goodenow, Ito, Nakasone, Santiago and Suzuki being excused.

Stand. Com. Rep. No. 776-98 and H.B. No. 2518:

Representative Okamura moved that the report of the Committee be adopted and H.B. No. 2518 pass Third Reading, seconded by Representative M. Oshiro.

Representative Meyer rose to speak against the bill, stating:

"This bill would make two positions at the Hilo Community School for Adults permanent where they are now temporary.

"Again, we're looking at trying to downsize the size of government. During testimony in the Finance Committee, it was made clear this would not cost any more money and I can understand that. But it takes a temporary position and makes it permanent.

"In 1995, we had somewhere in the neighborhood of 47,000 civil service employees, permanent and temporary. Now that we're trying to downsize, it is far more difficult to eliminate a permanent position rather than a temporary position. This is an adult school, it has been operating for a lot of years. The only person to speak in support was the Principal who, of course, is temporary and is looking for the security of his job. But there were a number of bills this session that are doing this and always the argument is, it won't cost us any more. But it is counterproductive to what we are trying to do if we want to make the size of government fit the size of our revenues, and for that reason I will be voting no. Thank you, Mr. Speaker."

Representative Stegmaier then rose to speak in support of the bill, stating:

"I would like to repeat what the previous speaker said: 'There is no additional cost for making these temporary positions permanent.' These positions have been temporary for forty years. The school will continue indefinitely. It is a valuable resource for the Hilo community, and it is about time that we make these two positions -- the principal and the school secretary -- permanent.

"Thank you."

The motion was put to vote by the Chair and carried, and the report of the Committee was adopted and H.B. No. 2518, entitled: "A BILL FOR AN ACT RELATING TO HILO COMMUNITY SCHOOL FOR ADULTS," passed Third Reading by a vote of 45 ayes to 1 no, with Representative Meyer voting no, and Representatives Goodenow, Ito, Nakasone, Santiago and Suzuki being excused.

Stand. Com. Rep. No. 777-98 and H.B. No. 1533, HD 2:

Representative Okamura moved that the report of the Committee be adopted and H.B. No. 1533, HD 2, pass Third Reading, seconded by Representative M. Oshiro.

Representative Arakaki rose to cast an aye vote with reservations, stating:

"This bill would transfer funds, and I would imagine a large bulk of the funds to be transferred to the general fund would be from both the HURF and DURF Housing

Revolving Funds, and I can understand that these transfers are part of both the Administration's and now the Legislature's spending plan.

"My reservation is that, in essence, these revolving funds have become the 'rainy day fund' which perhaps we should have set up a long time ago. But I think we're not being true to the intent of both the Housing and Dwelling Unit Revolving Funds, and that these moneys were supposed to be reinvested into providing affordable housing, and we are not doing that.

"The only thing that the Human Services and Housing Committee did do with another bill was to allocate at least part of the moneys to be transferred to the Rental Housing Trust Fund, and also moneys to be allocated for the completion of many of the projects at Kapolei. And I think we recognize that perhaps the State should not be involved in housing development. However, that doesn't deny the fact that we need to complete our obligations in terms of completing the development for Kapolei, and it doesn't deny the fact that we also have a great need for low income rental housing, and we had the resources to do that. I have no problem with moneys being transferred from this fund, but I think in the true spirit of the intent of both of these funds, we should at least make an effort to meet some of those commitments.

"Thank you, Mr. Speaker."

The motion was put to vote by the Chair and carried, and the report of the Committee was adopted and H.B. No. 1533, HD 2, entitled: "A BILL FOR AN ACT RELATING TO STATE FUNDS," passed Third Reading by a vote of 45 ayes to 1 no, with Representative Fox voting no, and Representatives Goodenow, Ito, Nakasone, Santiago and Suzuki being excused.

Stand. Com. Rep. No. 778-98 and H.B. No. 2422, HD 2:

Representative Okamura moved that the report of the Committee be adopted and H.B. No. 2422, HD 2, pass Third Reading, seconded by Representative M. Oshiro.

Representative Kahikina submitted the following remarks for insertion into the Journal:

"Traumatic brain injury is the leading cause of death and the leading cause of disability in children and young adults. A survivor of this injury typically faces five to ten years of intensive treatment, estimated lifetime costs exceeding six million dollars. With 1,200 annual traumatic brain injury discharges from Hawaii's emergency rooms and hospitals (not including those with mild and moderate injuries), we must help in addressing this issue of lack of assistance to the injured.

"For these reasons, I ask that this House pass this measure."

The motion was put to vote by the Chair and carried, and the report of the Committee was adopted and H.B. No. 2422, HD 2, entitled: "A BILL FOR AN ACT RELATING TO TRAUMATIC BRAIN INJURY," passed Third Reading by a vote of 46 ayes, with Representatives Goodenow, Ito, Nakasone, Santiago and Suzuki being excused.

Stand. Com. Rep. No. 779-98 and H.B. No. 2441, HD 1:

On motion by Representative Okamura, seconded by Representative M. Oshiro and carried, the report of the Committee was adopted and H.B. No. 2441, HD 1, entitled: "A BILL FOR AN ACT RELATING TO

ELECTIONS," passed Third Reading by a vote of 45 ayes to 1 no, with Representative Ward voting no, and Representatives Goodenow, Ito, Nakasone, Santiago and Suzuki being excused.

Stand. Com. Rep. No. 780-98 and H.B. No. 2647, HD 2:

On motion by Representative Okamura, seconded by Representative M. Oshiro and carried, the report of the Committee was adopted and H.B. No. 2647, HD 2, entitled: "A BILL FOR AN ACT RELATING TO THE HAWAII EMPLOYER'S MUTUAL INSURANCE COMPANY," passed Third Reading by a vote of 45 ayes to 1 no, with Representative Marumoto voting no, and Representatives Goodenow, Ito, Nakasone, Santiago and Suzuki being excused.

Stand. Com. Rep. No. 781-98 and H.B. No. 2824, HD 2:

On motion by Representative Okamura, seconded by Representative M. Oshiro and carried, the report of the Committee was adopted and H.B. No. 2824, HD 2, entitled: "A BILL FOR AN ACT RELATING TO INSURANCE PREMIUM TAXES," passed Third Reading by a vote of 45 ayes to 1 no, with Representative McDermott voting no, and Representatives Goodenow, Ito, Nakasone, Santiago and Suzuki being excused.

Stand. Com. Rep. No. 782-98 and H.B. No. 2990, HD 2:

Representative Okamura moved that the report of the Committee be adopted and H.B. No. 2990, HD 2, pass Third Reading, seconded by Representative M. Oshiro.

Representative Abinsay rose to speak in favor of the bill, stating:

"What we want to accomplish on this bill, Mr. Speaker, is whether the State recognizes diversified agriculture as a viable industry that would help boost our economy. Whether we recognize that in order for farmers to succeed, they need to have the assurance that an adequate supply of irrigation water will be available to them. It is also the intent of this bill, Mr. Speaker, to encourage all landowners adjacent to water irrigation systems to grant twenty-year term leases on their lands to farmers. This is very important as farmers would be willing to make improvements if they could farm the land for a long period of time. Because of the lack of alternative sources of water, and because of the lack of commitment on the part of its owners as to the future of Waihole Water System, the acquisition of the system by the State cannot be more timely, as it will provide certainty to the farmers in terms of having adequate water supply for future need. It also supports public planning and will allow necessary repairs to preserve the system. In the long term, Mr. Speaker and members of the House, this is a very cost-effective way in which we can be assured that the agriculture industry in the State of Hawaii is where we want it to be in the next century.

"Mr. Speaker, the State is mandated by the Constitution to 'conserve and protect agricultural lands' and 'to promote diversified agriculture.' I believe that the timely acquisition of this system is one measure that carries out this constitutional mandate, and I also believe that it is a good financial investment for our State which is in line with the proposals in the Economic Revitalization Stimulus Package.

"I urge everyone to support this bill.

"Thank you, Mr. Speaker."

Representative Morita then rose in opposition to the bill, stating:

"In a hearing before the House Agriculture Committee, it was not clear and convincing that this source of water is critical to the continued development of diversified agriculture on the island of Oahu. Testimony was provided by Earthjustice Legal Defense Fund that during the operations of Oahu Sugar, over one hundred million gallons per day were used for sugar cane irrigation. Only thirty million gallons were from the Waiahole Ditch source.

"We have seventy million gallons of water per day which needs to be accounted for prior to allowing for the continued diversion of water from Windward Oahu. Rather than putting the burden on Windward taro farmers and advocates of stream restoration, we need to question the commitment of large Leeward landowners to the future of diversified agriculture on Oahu. We need to encourage water reuse and water recycling.

"In the hearing we learned that the Leeward farmers would be paying thirty-five cents per thousand gallons. Are we inadvertently subsidizing this group of Leeward farmers in adversely impacting other farmers, especially Neighbor Island farmers? Are we, in fact, supporting corporate welfare? Is this a bill for Amfac?

"The decision to purchase the Waiahole Ditch System is premature. The Commission on Water Resource Management's contested case hearing and subsequent appeals need to play out its course. The decision of the Commission, in accordance with Article XII, Section 2 of the Hawaii State Constitution, is in accordance with Article XII, Section 2 of the Constitution. Action by the Legislature is subverting this process. The decisions we make are made in a vacuum without full knowledge of all the issues."

Additional remarks by Representative Morita are hereby inserted:

"I would like to point out to my colleagues that my opposition to this bill is fully stated in remarks I submitted on February 20, 1998."

Representative Tarnas then rose in support of the measure with reservations, stating:

"Although I understand the desire to have the State acquire the irrigation system to ensure that this is well maintained and delivers water for many years to come, I want to make sure that: One, it is clear that the purchasing does not grant authority over allocation of the water. Second, that the land served by this ditch will be used for agricultural purposes through long-term leases. And third, that there is no subsidized prices for water provided to farmers in the area, because that would provide for a competitive edge for these farmers as opposed to the farmers from, for example, my district -- Waimea on the Big Island.

"Thank you, Mr. Speaker."

Representative Moses then rose to speak in support of the bill, stating:

"First of all, I have to declare a possible conflict of interest. I eat fruits and vegetables that are grown here on this island and in this State, so as a user of this agricultural water I have to declare that, and the Chair ruled "no conflict."

"You know, we keep talking about these hard economic times and what we're going to do to help businesses, and we keep hearing about all these large land-greedy businesses out there, especially my district, you know, using up all this water to grow things. Most of these people are very small farmers. These are small businesses. It's diversified agriculture which was supposed to constitutionally be supported. And again, this water is recycled. It is not taking away from the environment, it is adding something that we as people need in the environment, and I think it is very shortsighted to say that we're stealing the water kind of thing. That's what we keep hearing from the Windward side to use it on the Leeward side. We're growing things to use in this State, we're generating income, and with that we're generating tax revenue.

"Thank you, Mr. Speaker."

Representative Jones then rose to speak in support of the bill, stating:

"This bill, like several other agriculture bills before it, is designed to strengthen our economy by strengthening our diversified agriculture base.

"This bill authorizes the issuance of ten million dollars of general obligation bond funds, reimbursable type, to purchase and improve the Waiahole System. This bill establishes the Waiahole System Revolving Fund for administration, operation and maintenance of the Waiahole Water System by the Department of Agriculture.

"The Waiahole Ditch is a 26 mile irrigation system of tunnels, ditches and water flumes that was built over ninety years ago to serve the sugar and pineapple industries. Today, this system provides a valuable agricultural infrastructure to service thousands of acres of prime agricultural lands for hundreds of farm families and employees in Central Oahu.

"This bill provides an investment that will further encourage agribusiness development in Central Oahu. Existing farming operations by the present farmers, which includes Del Monte, Garst, Larry Jeffs and many, many smaller farmers will have a reliable source of long-term irrigation water which is reasonably priced. It won't be that cheap but it will be reasonably priced to encourage farming.

"We have been working with the landlords along the irrigation system to obtain long-term leases for these farmers, and we have been making headway in this area. In fact, we have had assurance that they will be extending the terms of the lease. We are trying to make this a win-win situation for the farmers, for the landlords, and for the State of Hawaii to help our lagging economy.

"In addition to the agricultural uses, the application of high quality water from the Waiahole System in Central Oahu will help to recharge the Pearl Harbor aquifers and should help to relieve the pressure from our groundwater supply in the Central Plains.

"For these reasons, Mr. Speaker, I urge everyone's support of this measure.

"Thank you."

Representative Meyer then rose to speak against the bill, stating:

"This is not a very opportune time for the State to spend over ten million dollars on this Ditch System. I don't know how many of the Representatives in this chamber have been through the ditch. I have. The

tunnel through the Koolaus, the exit on the Leeward side, and I looked at the ditches. Overall, the ditch is not in very bad shape. In fact, at one of the hearings, the man who has been the superintendent responsible for maintaining the ditch for many years, Viron Alcos, testified that the ditch is in good condition except for the three redwood siphons which do need improvement.

"I can't understand why we are in such a hurry to spend \$10 million dollars plus another \$550,000 out of the general fund to start operating this ditch. Right now we are cutting all kinds of valuable programs -- the PEP program is one that I think is a fabulous program, same amount of money, \$550,000. We're cutting that out regardless of all the good things that it does for young people in favor of taking over the management of a ditch which we don't have to do at this time.

"The current lease of the water in the Waiahole Irrigation System does not expire until the year 2000. Up until that time, Amfac/JMB is obligated to operate the System. Given the fiscal constraints facing the State, delay of the expenditure of this magnitude makes financial sense.

"We're going to finance this with general obligation bonds, reimbursable, but the theory is eventually the cost of the water. The price we charge will go into a special fund and we'll support the payment of the bonds. But we can't be sure of that if we want to maintain this cheap water, as everybody keeps talking about.

"In looking at the responsibility under reimbursable bonds, they are sold for projects with an income source but principle and interest payments are initially made from the general fund. How much that amount is, I don't know, but I know that the Chairman of the Finance Committee is struggling to try to balance the budget, and we want to lower the amount of general funds used and yet we're very happy to rush into this prematurely.

"This is nothing more than corporate welfare. Amfac has a water system that has been written off many years ago. They got an appraisal of \$80 million from someone, I don't know, that's one of those PFA (plucked from air). Nobody is going to have to recreate this ditch. There's a tunnel through the Koolaus, which is made of a lot of blue rock. Unless we have a major war here, or a lot of strategically located dynamite is put in there, nothing is going to happen to that tunnel. The ditches are concrete, for the most part they are intact. They don't have huge cracks, they are not leaking tons of water. Obviously, it is not the most efficient system because there is a lot of evaporation. There are steel siphons -- huge siphons. No question, to build them today would cost a lot of money, but the artisans, the mechanics that put that together years ago, did a marvelous job. We have some redwood siphons that are not in good shape but those could be patched together.

"These small farmers that everybody keeps referring to -- we have Del Monte, not a small farmer. In fact, they use to farm on land at Kunia, using pumped water, and when they got the chance to use cheap Waiahole water, they moved to other fields where they could take advantage of that.

"Mr. Jeft is a really marvelous farmer, but he is not a small farmer, neither is Alex Aueland. This is a misconception. In the back of Mililani there are some small farmers, but they are not allowed to live on that land. And we talk about long-term farming, we want to preserve it. These people do not have long-term leases to farm. I think the longest one is fifteen years, but in every one of those leases, there is this clause: 'The licensee covenants and agrees with licensor that the licensee being

a farmer will cooperate and assist the licensor and/or their developers in applications for reclassification and rezoning of licensed premises so that the same may be urbanized in an orderly manner.'

"In the Finance Committee, when we passed this bill, the Chair of Finance said that we were going to put in a clause that they would have to have minimum twenty year leases. I do not see that provision in the bill. And with this clause in the lease, I don't think would make a stick of difference.

"At any rate, I just am appalled that we are in such a hurry to obligate the State to \$10.2 million. Again, I think this is another bill that is designed to take the teeth out of the Water Commission, and I just would hope that there are other thinking people in this chamber who would vote no.

"Thank you, Mr. Speaker."

Representative M. Oshiro then rose to speak in support of the bill, stating:

"Mr. Speaker, I come from Wahiaua which is not in the Leeward area, but I need to point out a few things. I think this is a wise investment of State moneys -- \$500,000 from the general fund, \$10 million of reimbursable general obligation bonds, the creation of the Waiahole Water Revolving Fund for the payment of the debt service, and for the charging of reasonable water fees.

"Mr. Speaker, I believe that this is a once-in-a-lifetime opportunity for the State to acquire a water transportation system. This is an appropriation issue of moneys, not appropriation issue of water, and that is up to the Water Commission.

"I also need to point out that in the Standing Committee Report, there is expressed a clear intent of the Finance Committee to encourage all owners of the land adjacent to the Water Irrigation System to grant twenty year leases to farmers on their land.

"Mr. Speaker, throughout this past summer I have had the privilege of participating with the ERTF discussions, as well as the Advertiser's discussions, and you always hear people saying that we need to diversify our economy, and they were putting too much effort onto our tourism businesses. I think this is one avenue which we need to explore, and perhaps give us more opportunities in the future to diversify our economy by strengthening and supporting our agricultural base.

"For these reasons, Mr. Speaker, I ask members to support this measure.

"Thank you."

Representative Kahikina submitted the following remarks for insertion into the Journal:

"Mr. Speaker, I hope that through the process of this measure that we would consider long-term leases for the local farmers and not cater to the large land owners or foreign farmers that take away the opportunity for our local people."

The motion was put to vote by the Chair and carried, and the report of the Committee was adopted and H.B. No. 2990, HD 2, entitled: "A BILL FOR AN ACT RELATING TO AGRICULTURE," passed Third Reading by a vote of 41 ayes to 5 noes, with Representatives Halford, McDermott, Meyer, Morita and Thielen voting

no, and Representatives Goodenow, Ito, Nakasone, Santiago and Suzuki being excused.

Stand. Com. Rep. No. 783-98 and H.B. No. 1966, HD 2:

Representative Okamura moved that the report of the Committee be adopted and H.B. No. 1966, HD 2, pass Third Reading, seconded by Representative M. Oshiro.

Representative Abinsay rose to speak in support of the bill, stating:

"The intent of this measure, Mr. Speaker and members of the House, is to provide choices for the elderly and disabled as to the type of care they wish to receive at a very cost-effective manner. This bill will:

- * Give nurses authority to assign nursing care tasks to adult residential care home providers;
- * Give elderly and disabled people a choice for a nursing home, in-home or community-based care; and
- * Provide protection to nurses who delegate tasks of nursing care to unlicensed persons from civil liability under certain conditions.

"In 1993, there were 136,000 persons in Hawaii, aged 65 and over, or sixteen percent of the adult population. By the year 2020, Hawaii's adult population 65 years old and over, will constitute over one-fourth of the adult population in Hawaii.

"Mr. Speaker, with Hawaii's rapidly aging population, and with the increasingly high cost of long-term institutionalized care, it is imperative that a less expensive alternative form of home and community based long term care for the elderly be utilized. The adult residential care homes and foster homes can provide this care at a far less expensive rate that they would otherwise pay to an institutionalized nursing home facility.

"Mr. Speaker, House Bill 1966, HD 2, once passed and implemented, will provide the elderly and the disabled in Hawaii a cost-effective long term care alternative, and I urge everyone to support this bill.

"Thank you, Mr. Speaker."

The motion was put to vote by the Chair and carried, and the report of the Committee was adopted and H.B. No. 1966, HD 2, entitled: "A BILL FOR AN ACT RELATING TO ADULT RESIDENTIAL CARE HOMES," passed Third Reading by a vote of 46 ayes, with Representatives Goodenow, Ito, Nakasone, Santiago and Suzuki being excused.

Stand. Com. Rep. No. 784-98 and H.B. No. 2435, HD 1:

Representative Okamura moved that the report of the Committee be adopted and H.B. No. 2435, HD 1, pass Third Reading, seconded by Representative M. Oshiro.

Representative Cachola submitted the following remarks for insertion into the Journal:

"I rise to speak in favor of House Bill 2435, HD 1.

"This bill relates to Hale Kokua, a program which has the potential to significantly reduce the homeless problem in Hawaii at minimal cost to the State, through a creative system of incentives and safeguards against burdening any single community. Unfortunately, the program was never

fully implemented, but it still remains an extremely useful tool for the State's homeless effort. This bill will correct an oversight in last year's bill and by re-establishing the program, will carry out the Legislature's intention last year of giving further life to Hale Kokua.

"Although the provision on using the Employment Training Fund was removed, I urge its restoration, in order to make the presence of homeless residents more acceptable to homeowners.

"I urge my colleagues to vote in favor of this bill."

The motion was put to vote by the Chair and carried, and the report of the Committee was adopted and H.B. No. 2435, HD 1, entitled: "A BILL FOR AN ACT RELATING TO THE HOMELESS," passed Third Reading by a vote of 46 ayes, with Representatives Goodenow, Ito, Nakasone, Santiago and Suzuki being excused.

The Chair directed the Clerk to note that H.B. Nos. 3021, 3361, 2518, 1533, 2422, 2441, 2647, 2824, 2990, 1966 and 2435 had passed Third Reading at 1:59 o'clock p.m.

At 1:59 o'clock p.m., the Chair declared a recess, subject to the call of the Chair.

Upon reconvening at 3:00 o'clock p.m., the Speaker resumed the rostrum.

Stand. Com. Rep. No. 785-98 and H.B. No. 2541, HD 2:

Representative Okamura moved that the report of the Committee be adopted and H.B. No. 2541, HD 2, pass Third Reading, seconded by Representative M. Oshiro.

Representative Stegmaier rose to speak in support of the bill, stating:

"Mr. Speaker, this bill I consider to probably be the most important bill that we have considered during the four years that I have been Chair of the Education Committee. I am so supportive of it because of my own experience as a parent of children in our public schools. A parent who has seen the problems firsthand and has had them recounted to me everyday from my two children, problems that especially exist at our secondary schools.

"I am also enthusiastic about this bill because as Chair of the Education Committee, I have noticed a continuing choice on the part of parents in our community to send their children to public schools up until the seventh grade and then to do everything that they can to find a place for their children in the private schools.

"Mr. Speaker, I am convinced that the reason parents feel so strongly about sending their children to private schools at the secondary level is that they do not see the proper 'climate', the proper caring environment that they feel is necessary for their children to learn.

"This bill has the promise of creating that kind of environment for our students. This bill, if properly funded and properly supported, has the opportunity to create caring, learning communities at our secondary schools. Some people would say that is an impossibility. Some people are so dissatisfied with the public school system that they don't think that anything could rectify the problem.

"Mr. Speaker, I think in this bill and the way that it is being implemented already by the Department of

Education, that there is a good possibility that we can significantly transform the atmosphere, the environment of our secondary schools.

"Let me read from the bill: 'The mission of the comprehensive student support system,' that the bill sets up, 'shall be to provide all students with a support system so that they can be productive and responsible citizens.' Create a support system for our students -- that's what this bill is about. 'The goals of the comprehensive student support system shall be to:

- (1) Involve families, fellow students, educators, and community members as integral partners in the creation of a supportive, respectful, learning environment at each school;
- (2) Provide students with comprehensive, coordinated, integrated, and customized supports that are accessible, timely, and strength-based so that they can achieve in school; and
- (3) Integrate the human and financial resources of relevant public and private agencies to create caring communities at each school.'

"I am convinced, Mr. Speaker, that in all of our efforts to restructure, to provide more funding, to find more personnel, we've missed a very, very basic element to school success, which is the need for relationships to exist -- caring relationships, especially between teachers and students. And the way we set up our secondary schools, there is no opportunity for teachers on a daily basis to show that they care, to mentor to their children, their students.

"Comprehensive Student Support System attacks that problem. It will establish an atmosphere, a caring atmosphere, and out of that caring atmosphere will come learning, the kind of learning that we have yet to see. Student performance will go up as a result.

"Now, how is this going to be done?"

"Comprehensive Student Support System has two parts to it: One, school support groups. A lot of you know about the middle school concept in the Honolulu District. That's where. . .

At this point, Representative Yamane rose and yielded his time to Representative Stegmaier.

Representative Stegmaier thanked the Chair and continued his remarks, stating:

"School support groups allow teachers and students to break down the large student population into smaller caring groups and spend time together -- sharing, working together, going on field trips, doing other activities that allow for a much more caring set of relationships to develop between -- and I envision perhaps four teachers and a hundred students. We're talking about large school populations out there. At Campbell High School, for instance, of over two thousand students, there is no way that a caring atmosphere can be created unless somehow that large number of students and teachers gets broken down into smaller personal relationships.

"Comprehensive Student Support System calls for this to happen. In the process of interacting, parents will be brought in, counselors will be brought in to work on particular problems that individual students have, or even as a group to address certain issues -- societal issues -- other people will be brought in to talk. At some point, the teacher will determine that he or she cannot handle

certain kinds of problems and that's where the second component of the Comprehensive Student Support System comes into play. That is the establishment, the creation of student support teams at each school. Teachers, concerned about their students, will refer particular ones who the school support group cannot support properly, to the student support teams made up of adults, including parents, who have an understanding or a background to adequately support the students in a more clinical fashion. Out of the deliberations of the student support team will come individualized education plans, and sometimes with the mental health component.

"What we are getting from this, and I appreciate the court monitor of the Felix v. Waihee consent decree in his understanding of this. We're not only going to be supporting the Felix class students, the learning disabled, the special education students, and the emotionally troubled students, we're going to be supporting every student at each one of our schools, not one student left out. So the kinds of problems that we have right now with kids committing suicide that we felt were 'A' students and they were happy and successful, there will be an understanding and a sensitivity to the changes in that student so that those kinds of tragedies are less likely to occur.

"The court monitor understands that the best way to serve the Felix class is to provide a caring climate for them. That's what Comprehensive Student Support System will allow. So it is not just what kind of special caring takes place in a special education classroom but everywhere that special education kid goes on campus. There will be a respect and an appreciation because we've changed the basic climate of our secondary schools and everybody feels supported, knows what the values are of the school. That, to me, is a critical difference between public and private schools.

"Private schools know what they are there for. They have an understanding of how people are supposed to interact. In our public schools, we've never established that, and this allows for that kind of a change.

"I have chosen, in the first time that I have been in the Legislature, to go over my five minute period because of how important this bill is, and I appreciate the Speaker's indulgence. I will wrap it up very soon.

"There's great promise, and I believe that the only way that something this promising cannot be successful is if we don't do two things. One is to bring the resources, the personnel resources, that are now in three different departments down to the school level to work together on the same team. And second, if we don't appropriate the moneys necessary and focus at the schools those moneys, to be able to make sure that this happens not only for the demonstration sites for this year, but throughout our 39 high schools and that many intermediate schools.

"For these reasons, Mr. Speaker, I very, very much support this measure and I hope that it receives as successful a hearing on the Senate side.

"Thank you."

Representative Kahikina then rose to speak in favor of the bill, stating:

"Years back, this Legislature passed the School/Community Based Management law, and we thought that would take into consideration all that was spoken by our Chair of Education -- how compassionate and committed he is to the student support system which I support, but this speaks directly to our lengthy discussion on the floor on an elected or appointed Board, and I really commend

the Chair of the Education Committee for having the courage to do what the elected Board lacked the wisdom or the collective ability to do, and therefore, I support this measure.

"Thank you."

Representative Ward then rose to speak in support of the bill, stating:

"And I rise in support of the oratory of my colleague from Hawaii Kai, Mr. Speaker. In my eight years, I have not heard the sounds, the passion, the belief, the commitment that he has spoken of.

"There is one thing that he has touched upon that I want to reinforce that this bill I hope will do, because three weeks ago a study came out and said that 23 percent of the seventh and eighth graders in the State of Hawaii in the public schools has attempted to commit suicide. Twenty-three percent of our seventh and eighth graders -- that's one-quarter of the youth of this State. If this bill can't even cut that in half, Mr. Speaker, if this bill could even cut it in smaller portions, it will have been of value.

"But I only hope that the DOE, the teachers and all those counselors have the same compassion and the same commitment as the speaker from Hawaii Kai which we have just heard from.

"Thank you."

The motion was put to vote by the Chair and carried, and the report of the Committee was adopted and H.B. No. 2541, HD 2, entitled: "A BILL FOR AN ACT RELATING TO A COMPREHENSIVE STUDENT SUPPORT SYSTEM," passed Third Reading by a vote of 51 ayes.

Stand. Com. Rep. No. 786-98 and H.B. No. 2565, HD 1:

Representative Okamura moved that the report of the Committee be adopted and H.B. No. 2565, HD 1, pass Third Reading, seconded by Representative M. Oshiro.

Representative Stegmaier rose to speak in support of the bill, stating:

"Just to point out that this is an Economic Revitalization Task Force measure that we are adopting. It requires the Department of Education and the exclusive representative for Unit 6, meaning those who represent the principals and educational officers, to jointly determine a procedure that allows the Department of Education more flexibility in the transfer and assignment of principals.

"The impact of this, Mr. Speaker, will be that schools will have much greater authority in choosing who their leaders are, and this is a very positive step, Mr. Speaker.

"Thank you."

The motion was put to vote by the Chair and carried, and the report of the Committee was adopted and H.B. No. 2565, HD 1, entitled: "A BILL FOR AN ACT RELATING TO EDUCATIONAL OFFICERS," passed Third Reading by a vote of 51 ayes.

Stand. Com. Rep. No. 787-98 and H.B. No. 3142, HD 2:

Representative Okamura moved that the report of the Committee be adopted and H.B. No. 3142, HD 2, pass Third Reading, seconded by Representative M. Oshiro.

Representative Kahikina rose to speak in support of the bill, stating:

"I fully support this bill and I want to thank Chairman Morihara and his Committee for amending the bill and adding a study for teacher training at UH-West Oahu. As we all know on the Leeward side, 65 percent of our teachers are teaching our kids with less than three years of experience. In fact, we are noted as the 'training ground' for teachers, so all your good teachers in the other districts probably got trained in the Leeward side. So I really appreciate that, and I hope my colleagues would support this bill.

"Thank you."

Representative Meyer then rose to speak against the bill, stating:

"This bill was originally going to fund, but now it's only funded by one dollar, to expand the basic Teacher Education Certification Program at the University of Hawaii in Hilo, and also provide for teacher education at the University of Hawaii at West Oahu.

"The reason I'm in opposition is because we do a lot of talking about trying to stop duplication of services, duplication of effort, and all these duplications are costly. West Oahu College is only about fifteen miles from the University of Hawaii in Manoa.

"We had some experts come this summer to share ideas with us about trying to revitalize our economy, how to optimize our revenues, and the point they made is: find out what you do well and keep it. Those things that you're not doing well, get rid of.

"And this idea that we must do everything at every campus for everybody is a very costly thing. And that is why I have to vote no on this issue.

"Thank you, Mr. Speaker."

Representative Moses then rose in strong support of the bill, stating:

"The fifteen miles that we heard about translates to people getting up at five in the morning and sleeping in their car before classes start. There is going to be about a quarter million people in that region where the West Oahu campus is going to be built in the near future. And to say that they all have to drive into town and go through the torment that I do everyday, I think is cruel and unjust punishment.

"If we're going to build a true four-year undergraduate school at West Oahu, then why can't we teach teachers there that are going to teach our youngsters there.

"I don't think it's an unnecessary duplication, and I guess if it turns out to be at sometime in the future, they will just have to close it down at Manoa.

"Thank you, Mr. Speaker."

Representative Kahikina submitted the following remarks for insertion into the Journal:

"Mr. Speaker, this measure will address the lack of qualified teachers in areas that is affected by high teacher turnover and economic disadvantage. I ask my colleagues to support this measure."

The motion was put to vote by the Chair and carried, and the report of the Committee was adopted and H.B. No. 3142, HD 2, entitled: "A BILL FOR AN ACT MAKING AN APPROPRIATION FOR TEACHER EDUCATION," passed Third Reading by a vote of 50 ayes to 1 no, with Representative Meyer voting no.

Stand. Com. Rep. No. 788-98 and H.B. No. 3363, HD 2:

Representative Okamura moved that the report of the Committee be adopted and H.B. No. 3363, HD 2, pass Third Reading, seconded by Representative M. Oshiro.

Representative Lee rose to speak in favor of the bill, stating:

"Mr. Speaker, according to the Children's Defense Fund for every one dollar spent on prenatal care, four to seven dollars are received in the first year. Two thousand four hundred pregnant women annually who are vulnerable populations and need high-risk prenatal care. Risk factors that contribute to pregnant women being vulnerable include prenatal care sought after the first trimester, age, single parenthood and medical and psycho/social risk factors.

"Mr. Speaker, if we really wanted to prevent unborn babies from suffering, we will help the mothers struggling with substance abuse, domestic abuse, poor nutrition, and diseases such as gestational diabetes.

"I urge all of us to support this bill and restore the funds for high-risk pregnant women and their babies.

"Thank you."

Representative M. Oshiro then rose to speak in support of the bill, stating:

"According to my review, the initial listing of appropriation requested was \$1.2 million. I think this is \$1.2 million well spent, and point out the fact that this is a reappropriation. I think this is money well spent.

"Thank you, Mr. Speaker."

Representative Kahikina then rose in support of the bill and asked that the two previous speakers' words be entered into the Journal as his own, and the Chair "so ordered." (By reference only)

Representative Kahikina submitted the following remarks for insertion into the Journal:

"Mr. Speaker, of all the programs that were cut, this program should not have been even on the table to be considered. We are doing a very bad mistake and I hope that we can restore this program that is really needed and should be considered as a core program.

"I thank you for your consideration."

The motion was put to vote by the Chair and carried, and the report of the Committee was adopted and H.B. No. 3363, HD 2, entitled: "A BILL FOR AN ACT MAKING AN APPROPRIATION FOR THE OPTIMAL HEALTH OF AT-RISK PREGNANT WOMEN AND THEIR BABIES," passed Third Reading by a vote of 51 ayes.

Stand. Com. Rep. No. 789-98 and H.B. No. 144, HD 2:

Representative Okamura moved that the report of the Committee be adopted and H.B. No. 144, HD 2, pass Third Reading, seconded by Representative M. Oshiro.

Representative White rose to speak in support of the bill, stating:

"This is one of the measures that I feel is an important one to follow through this session.

"House Bill 144 simply says that we will no longer allow people to use overtime calculations while calculating their retirement benefits. While the measure, as it stands right now, says that you can no longer do that if you become a member after June 30, 1998, our understanding was that you were a member as you retired, so we need to work a little bit more on this measure.

"Just to bring those of you up to speed, who were not on the Finance or in other Committees that might have heard this, we have individuals who are taking advantage of this situation. That's common knowledge that in certain areas, people within three years of retirement get all the overtime in their department. One example that was given to us was an individual whose salary at the retirement age would have been \$34,000, but with the overtime he had been able to generate over a three year period, the retirement benefit was based on a final salary of \$89,000. That means that the retirement benefit was 2-1/2, almost three times the amount that it would have been had he not been given all the overtime in his department.

"This is, in my view, a misuse and over-expenditure and something that we have got to ask public employees to simply help us stop. Just to take the calculation one step further, this resulted in that individual, over the projected 29-year payout for the rest of his/her life, would have moved from a payout of \$809,000 to a payout of \$1,880,000.

"Now, you can sit down and say, well, the ERS is almost fully funded and that will take care of it. It's not coming out of operating expenses. But this is something that's clearly wrong. It's clearly not protected by our Constitution, not protected by common sense, so I give the introducer and the Finance Chair and others a lot of credit for bringing this forward, and I hope that all of us will take a look at this and assist in its final passage.

"Thank you, Mr. Speaker."

Representative Moses then rose and asked:

"First of all, a point of clarification. Is there going to be an amendment proposed on this bill?"

The Chair answered:

"There is no amendment. Please proceed."

Representative Moses spoke in opposition to the bill, stating:

"I am all for reducing the cost of government, however, I don't think we should do it in midstream. This is the same argument we've talked about before -- you don't change the rules halfway through, you don't change campaign laws, you don't change tax laws, you don't do those things halfway through. And the reason I say this is halfway through is we have people that have been working, maybe for twenty years under the system, being told: 'This is what you are going to retire at.' And now we're going to say: 'But we're going to change it because you are not retired yet. We're going to change it

for you now even though you've already figured out this is what you're going to get.'

"So I'd be all for this bill if it was totally prospective and only affected employees becoming employees as of the effective date. . .

At this point, the Chair interrupted and said:

"Representative, I believe that's the nature of the bill -- effective July 1st, new employees. Will you change your vote?"

Representative Moses continued, saying:

"But that's my question, Mr. Speaker. If you don't become a member of the ERS until you retire, then those people still working would be affected by this bill.

"Thank you, Mr. Speaker."

Representative Case submitted the following remarks for insertion into the Journal:

"Mr. Speaker, I rise in support of this bill with reservations, and ask that the previous remarks of the Representative from the 7th District (Lanai-Maui-Molokai) be incorporated as my own. (By reference only)

"For further remarks, I don't think there is any doubt that our current system of calculating certain retirement benefits on base salary plus overtime encourages overtime abuse, and I support this measure wholeheartedly on that basis. My reservations are with the provision which applies this needed reform only to brand new state employees, not existing ones.

"As a practical matter, this means that the potential for overtime abuse will continue for a number of decades, until the last current employees as of the effective date of this reform have retired. That obviously makes no sense, and we should apply this change, prospectively, to existing employees as well.

"Thank you."

Representative Kahikina submitted the following remarks for insertion into the Journal:

"Mr. Speaker, I support this measure but express my dissatisfaction that we could not address the real issue and discontinue to allow overtime pay to be factored into the formula when calculating retirement benefits. I hope we can amend the bill in the Senate or at conference."

The motion was put to vote by the Chair and carried, and the report of the Committee was adopted and H.B. No. 144, HD 2, entitled: "A BILL FOR AN ACT RELATING TO RETIREMENT BENEFITS," passed Third Reading by a vote of 48 ayes to 3 noes, with Representatives Moses, Takamine and Takumi voting no.

Stand. Com. Rep. No. 790-98 and H.B. No. 3037, HD 2:

Representative Okamura moved that the report of the Committee be adopted and H.B. No. 3037, HD 2, pass Third Reading, seconded by Representative M. Oshiro.

Representative Fox rose to speak against the bill, stating:

"There is a law on the books that allows business development corporations to form and enjoy tax-free privileges. As a result of this bill, businesses have come

into the State and created jobs. In the climate that we have and in which we want to find ways to encourage new business, I'm just kind of sad that what we're doing with this bill is to wipe out, you know, a provision that does exist on the bill. And let me tell you how severe the wipeout is.

"We're going to go back and prevent any corporation that formed under this procedure since October 18th, 1997, they will be taken off the books. They cannot form a business development corporation, so we're going after these new corporations with as much force as we can in telling them: we don't want you in Hawaii, go somewhere else, find your tax breaks in Singapore or someplace else. You won't find them in Hawaii.

"Thank you, Mr. Speaker."

The motion was put to vote by the Chair and carried, and the report of the Committee was adopted and H.B. No. 3037, HD 2, entitled: "A BILL FOR AN ACT RELATING TO BUSINESS DEVELOPMENT CORPORATIONS," passed Third Reading by a vote of 50 ayes to 1 no, with Representative Fox voting no.

Stand. Com. Rep. No. 791-98 and H.B. No. 2487, HD 2:

Representative Okamura moved that the report of the Committee be adopted and H.B. No. 2487, HD 2, pass Third Reading, seconded by Representative M. Oshiro.

Representative Herkes submitted the following remarks for insertion into the Journal:

"Mr. Speaker, this bill deals with the long term future of hurricane insurance in Hawaii.

"The Hawaii Hurricane Relief Fund (HHRF) was established as a temporary measure following Hurricane Iniki. The fund was established as a means to protect the mortgage industry to provide a means to insure mortgage risk until the private sector returned to the market. I voted for the bill.

"The original estimate for coverage for the average home in Hawaii was \$175/home/year. The actual cost is closer to \$450/home/year.

"In the years that HHRF has been in existence between \$400 million and \$500 million have been extracted from Hawaii's homeowners. Of this amount, only a little over \$90 million is in Hawaii, all of the rest of the money has left the State for reinsurance. Just think of what the financial impact would have been if that money had been left in Hawaii.

"Under the plan in existence, every home in Hawaii pays essentially the same rate regardless of geographic location or type of construction.

"This bill calls for a scientific evaluation of hurricane risk facing Hawaii. There is ample data available about hurricane paths in Hawaiian waters, mean ocean temperature zones that impact hurricane strength, east and west wind shears that impact developing hurricanes and damage swaths from various hurricanes that have hit Hawaii. There is national data from other areas in the country about the impacts of types of building structures and whether they are on ridges or in valleys.

"This bill calls for a modeling of risk zones both from a geographic and building structure standpoint. Where structures are classified as low or medium risk, then allow the private sector to insure these homes. In areas and

structures designated high risk, continue to provide full homeowners coverage through HPIA as is done now.

"Our community is best served if we concentrate on protecting high risk homes through building hardening.

"If a major hurricane were to sweep through Oahu tomorrow, starting at Hawaii Kai and ending at Mililani, this State would be out of business. There is not enough money in this State to insure against this magnitude of risk. Building hardening in high risk areas is our best insurance against this magnitude of risk.

"Insurance coverage for catastrophic events (aka CAT Fund) is always on the agenda at National Coalition of Insurance Legislators (NCOIL) meetings. This House is a member of NCOIL and Representative Yamane and I both serve on the Executive Committee of NCOIL. We have both participated in numerous discussions about CAT funds and how they are working in other areas of the country.

"If you need any further convincing, just look at who opposes this bill. HHRF, like most agencies we create, does want a bill that will chart its demise. Insurance companies oppose this bill, they now have a cap on their risk.

"Mr. Speaker and members, I urge you to support this bill to move Hawaii toward a scientific evaluation of hurricane risks that our homeowners face and will devise a long-term plan to mitigate the risk."

The motion was put to vote by the Chair and carried, and the report of the Committee was adopted and H.B. No. 2487, HD 2, entitled: "A BILL FOR AN ACT RELATING TO THE HAWAII HURRICANE RELIEF FUND," passed Third Reading by a vote of 51 ayes.

Stand. Com. Rep. No. 792-98 and H.B. No. 2572, HD 2:

On motion by Representative Okamura, seconded by Representative M. Oshiro and carried, the report of the Committee was adopted and H.B. No. 2572, HD 2, entitled: "A BILL FOR AN ACT RELATING TO DISASTER RELIEF," passed Third Reading by a vote of 50 ayes to 1 no, with Representative Whalen voting no.

Stand. Com. Rep. No. 793-98 and H.B. No. 3110, HD 1:

Representative Okamura moved that the report of the Committee be adopted and H.B. No. 3110, HD 1, pass Third Reading, seconded by Representative M. Oshiro.

Representative Ahu Isa rose to speak in strong support of the bill, stating:

"Mr. Speaker, this bill provides funds for treating drug dependent teenagers in a family-like setting. And in addition to Representative Ward's statistics on the percentage of attempted teenage suicides, the 1997 Department of Health student alcohol and drug use survey indicated that there are at least 8,400 students in need of substance abuse treatment.

"This bill will provide funding for adolescent, residential and school-based substance abuse treatment and enable the Department of Health to extend school-based treatment to 26 of the 39 public high schools.

"Thank you, Mr. Speaker."

Representative Abinsay then rose to speak in support of the bill, stating:

"First of all, I would like to thank your Chairpersons of the Committees on Health and Finance for passing this in their respective committees.

"Mr. Speaker, this bill is the result of approving last session House Bill 1984 which became Act 324, that appropriated funds for teens who are dependent on drugs, as explained by Representative Ahu Isa, to receive treatment in a family-like setting.

"Funding last year provided for 25 additional slots in residential treatment facilities while school-based treatment increased to 26 schools out of the 39 public high schools statewide, as mentioned. Additional funding this year will enable the schools to treat 200 more students and extend treatment to other schools. Substance abuse treatment, in the long term, will save the State a lot of money, Mr. Speaker.

"Substance abuse treatment is essential and critical to the well-being of the kids, the schools, the families, as well as each and every one of us. Why? Because number one, it reduces use and abuse of alcohol and other drugs. Number two, it decreases truancy and in-school disciplinary actions. Three, it improves school performance. And four, it reduces drug-related criminal activities.

"An evaluation of 532 teens six months after completing treatment last year revealed very encouraging results. 82.7 percent are employed or enrolled in school; 80.6 percent had no arrest subsequent to discharge; 50.2 percent had not used drugs; 76.7 percent did not need new treatment; and 93 percent are in stable living arrangements. These figures prove that this program is working.

"Alvin Nishimura of the Narcotics/Vice Division of the Honolulu Police Department stated in his testimony in support of this bill, that teens who received treatment and are rehabilitated are less likely to become involved in criminal activities. Mr. Speaker and members of the House, for every teenager that we save from a life of drug abuse and crime is worth all the time and effort that we spend here in this chamber, and I urge everyone to support this measure.

"Thank you, Mr. Speaker."

The motion was put to vote by the Chair and carried, and the report of the Committee was adopted and H.B. No. 3110, HD 1, entitled: "A BILL FOR AN ACT MAKING AN APPROPRIATION FOR THE TREATMENT OF TEENAGERS DEPENDENT ON DRUGS," passed Third Reading by a vote of 51 ayes.

Stand. Com. Rep. No. 794-98 and H.B. No. 2560, HD 2:

Representative Okamura moved that the report of the Committee be adopted and H.B. No. 2560, HD 2, pass Third Reading, seconded by Representative M. Oshiro.

Representative Morihara rose in support of the bill, stating:

"This bill, I am glad to see on the education page, is another step in expanding the autonomy of the University of Hawaii. We are strengthening the corporate authority of the University and this will give the University the flexibility to act entrepreneurially to pursue research and training funds.

"Right now, this year, the University brings in \$160 million in research and training grants. With the

additional flexibility UH will have, it will have the opportunity to pursue and compete for additional grants and fulfill its potential as an economic generator. Not only will the University pursue more grants, this will help the University deal more efficiently and effectively in allocating its resources.

"The Legislature will continue to have broad budgetary oversight, and I believe it is our commitment to continue to support access to post secondary education. Having an educated and well-qualified work force is the key to the overall quality of life in Hawaii, and this bill will serve that purpose.

"Thank you, Mr. Speaker."

Representative Takai then rose to speak in strong support of the bill, stating:

"I would just like to briefly state my strong support and my appreciation to the Chair of the Higher Education Committee and the Chair of the Finance Committee for doing an exceptional job on moving the University of Hawaii forward in its efforts to seek autonomy.

"This bill falls a little short of complete and full autonomy, however I believe it's a strong and bold step in the right direction.

"Thank you, Mr. Speaker."

Representative Takai submitted the following remarks for insertion into the Journal:

"Mr. Speaker, I stand in strong support of House Bill 2560, HD 2, the University of Hawaii flexibility bill. The purpose of this bill is to provide increased flexibility to the University in its operations to enable it to more completely fulfill its missions in support of the well-being of the State.

"As a proud graduate of the University, I believe that this bill will move the University into the new millenium as a leader in higher education throughout our State, nation, and world.

"This bill will provide the University with some added flexibility. Although sometimes referred to as the 'UH autonomy bill,' the measure before us today will just increase the University's flexibility, rather than grant full autonomy. Regardless of how small this step is, surely it is a very important one.

"I would like to take some time to commend the members of the Governor's Economic Revitalization Task Force for their recognition of the important role that the University plays in our local economy. The ERTF proposal recommended 'the restructuring of the University into a quasi-public corporation with independent accountability.'

"In addition, the ERTF added that the bill 'would allow the University to set its own priorities, own and manage lands, funds and resources, including legal counsel, and encourage a stronger entrepreneurial approach, thereby creating a world-class standing in key areas and increase the proportion of private funding.'

"As in other states throughout the nation, the University can be an important catalyst for economic development, particularly in the areas of science and technology and this House bill that sits before us today will assist the University in these efforts.

"The University of Hawaii Professional Assembly, in testimony before the Committee on Higher Education,

presented a study of autonomy for universities throughout the nation. Surprisingly, of the states studied, the University has the least autonomy among them. The author reported, 'I had expected, in the beginning, to find that the University of Hawaii was somewhere in the middle of the pack. . . on autonomy issues. . . What was unexpected was that virtually every system I have surveyed so far had, by law, more internal governance authority, and more freedom from central government control, than Hawaii's.'

"This bill, Mr. Speaker, will go far in providing some of the flexibility that other universities throughout the nation now enjoy. Hopefully, in a few years, we will see the need to provide the University with even more flexibility.

"Thank you, Mr. Speaker."

The motion was put to vote by the Chair and carried, and the report of the Committee was adopted and H.B. No. 2560, HD 2, entitled: "A BILL FOR AN ACT RELATING TO THE UNIVERSITY OF HAWAII," passed Third Reading by a vote of 51 ayes.

The Chair directed the Clerk to note that H.B. Nos. 2541, 2565, 3142, 3363, 144, 3037, 2487, 2572, 3110 and 2560 had passed Third Reading at 3:34 o'clock p.m.

At 3:34 o'clock p.m., the Chair declared a recess, subject to the call of the Chair.

Upon reconvening at 3:36 o'clock p.m., Representative Takai was permitted a late introduction and he introduced a group of students from the University of Hawaii-Manoa Journalism Department. They were accompanied by Professor Beverly Keefer.

Stand. Com. Rep. No. 795-98 and H.B. No. 3625, HD 3:

Representative Okamura moved that the report of the Committee be adopted and H.B. No. 3625, HD 3, pass Third Reading, seconded by Representative M. Oshiro.

Representative Abinsay submitted the following remarks for insertion into the Journal:

"Mr. Speaker, I rise to speak in favor of H.B. No. 3625, HD 3.

"The purpose of this bill is to reorganize the Department of Agriculture.

"Mr. Speaker, transferring the aquaculture program from DLNR to the Department of Agriculture will enable the Department to promote and support aquaculture projects that are a part of a rapidly growing industry in the State of Hawaii. The transfer of agriculture related functions presently administered by DLNR and DBEDT should help in the management, development and productivity of the agricultural industry.

"Because the agriculture industry plays a significant role in the revitalization of our economy, I believe that the reorganization of the Department will serve the industry toward achieving this goal. Please support this bill."

The motion was put to vote by the Chair and carried, and the report of the Committee was adopted and H.B. No. 3625, HD 3, entitled: "A BILL FOR AN ACT RELATING TO GOVERNMENT REORGANIZATION," passed Third Reading by a vote of 49 ayes, with Representatives Abinsay and Nakasone being excused.

Stand. Com. Rep. No. 796-98 and H.B. No. 2499, HD 2:

Representative Okamura moved that the report of the Committee be adopted and H.B. No. 2499, HD 2, pass Third Reading, seconded by Representative M. Oshiro.

Representative Cachola rose to speak in support of the bill, stating:

"This bill is otherwise known as the foreign capital depositories, or the off-shore banking. This bill is modeled after the Montana bill which was passed in 1996. The State of Montana, before passing the bill, studied this for two years.

"Mr. Speaker, if successful, this bill could generate tremendous amounts of revenue for this State by drawing in billions of dollars of money from foreign deposits.

"The intent of the bill is to maintain a three-way balance between one, the customer's need for privacy; two, the depositories need to earn a profit; and three, the State's interest in maximizing revenue, stimulate the economic activity, and ensuring that the funds come from legitimate sources.

"Mr. Speaker, the Department of the Prosecuting Attorney, City and County of Honolulu, is in support of this bill but with some concerns. So with the U.S. Treasury who gave an advisory or opinion or testimony during the Finance Committee's hearing.

"Mr. Speaker, this bill calls for deposits made by non-Hawaii residents and non-U.S. citizens. The minimum requirement or deposit is \$200,000 a pop. When it comes to some of the guts of the bill, it requires reporting. Under the law currently the Feds require any deposit in excess of \$10,000 to be reported so that if the minimum deposit is \$200,000, maybe all the deposits have to be reported.

"Mr. Speaker, this bill is still a work in progress and there will be additional opportunities to amend it to address the concerns about criminal activity. I would like to emphasize though, Mr. Speaker, that the purpose of this bill is to attract legitimate deposits. The ongoing financial turmoil in Asia will make Hawaii depositories all the more attractive. As an example, Mr. Speaker, Indonesia has reportedly lost 70 percent of the value of its currency. The institution established under the bill would attract funds from investors looking for ways against further devaluation of their own currencies. The security of the United States makes this especially valuable, Mr. Speaker.

"Mr. Speaker, if we pass this bill out, we have the potential of generating tremendous revenue for the State because just like the state of Montana, getting 1.5 percent of the deposits, if you have a hundred billion dollars of deposits, that translates to about \$1.5 billion straight to our general fund.

"Mr. Speaker, the success of similar banks in Switzerland and the Bahamas demonstrate that many foreigners are willing to accept a low return on their funds in exchange for security and confidentiality.

"For these reasons, Mr. Speaker, I urge all the members to vote for this bill.

"Thank you."

Representative Kahikina then rose in support of the bill with reservations, stating:

"Initially, I had voted against this measure but after speaking with the author of the bill, I know that it is an economic development measure.

"I just have a couple of reservations. One is that I believe the federal \$10,000 limit is that they have to deposit it all in cash; the second is that we have discussed the possibility of forfeiting their money if we find that some illegal activities are being found in these accounts.

"Thank you, Mr. Speaker."

The motion was put to vote by the Chair and carried, and the report of the Committee was adopted and H.B. No. 2499, HD 2, entitled: "A BILL FOR AN ACT RELATING TO FOREIGN CAPITAL DEPOSITORIES," passed Third Reading by a vote of 47 ayes to 2 noes, with Representatives McDermott and White voting no, and Representatives Abinsay and Nakasone being excused.

Stand. Com. Rep. No. 797-98 and H.B. No. 3071, HD 1:

Representative Okamura moved that the report of the Committee be adopted and H.B. No. 3071, HD 1, pass Third Reading, seconded by Representative M. Oshiro.

Representative Tarnas rose in opposition to the bill, stating:

"I would support this measure wholeheartedly, Mr. Speaker, if the bill applied to all State employees who are not yet vested. For those who have not been vested, there's no implied contract for retirement benefits so we can change the deal. But for those that are vested, Mr. Speaker, we must honor the contract even though it will be expensive.

"Thank you, Mr. Speaker."

Representative Suzuki then rose to speak in favor of the bill, stating:

"Mr. Speaker, this is a landmark bill because it will address the issue of equal pay for equal work. But in trying to do this, there is one bit of problem in the bill because it needs a little bit more work and this concerns one particular class of employees who will have dependent beneficiaries upon retirement and who are also a few years away from retirement. They will be forced to make a choice between: (1) retiring before the July 1, 1999 date so they can be eligible to receive one hundred percent of their family medical, dental, drug and vision insurance plans paid for by the Public Employees Health Fund; or (2) they will incur a penalty for early retirement that will have a detrimental effect on their retirement benefits from the Employees' Retirement System. They will be forced to make a calculation to determine the net financial gain or loss in reaching their decision.

"One remedy to this predicament is the opening of a larger window for those employees who are say, five years from retirement. This would be accomplished by a provision that would allow these types of employees the opportunity to retire, say five years after the effective date of July 1, 1999, and still receive one hundred percent of their family or reciprocal beneficiary medical, dental and drug insurances paid for by the Public Employees Health Fund. Such an amendment would not diminish the intent and purpose of this bill and would take care of those classes of people that are say, six or seven years away from retirement.

"I hope the members of the House will realize that although there was a full hearing in Labor regarding the contents of this present measure, awareness of this

problem did not arise except in the phone calls and visits members have received outside of the hearing room. It is not the intent of the measure to be punitive in trying to achieve equity and fairness in the implementation of our civil service laws relating to equal pay for equal work and nondiscrimination because of marital or other status.

"I would like to clarify the date, the specific date in the bill, and the significance of that date. This date was specifically selected so as not to interfere and disturb the existing collective bargaining contracts. By July 1, 1999, all collective bargaining contracts will be up for re-negotiation and at that time, the pay issue can be determined within a framework of a fair and equitable fringe benefit policy relating to medical, dental, drug and vision insurances.

"If, at that time, it is the desire of the negotiators that a Code Section 125 Cafeteria Plan, which would use pretax dollars to pay for benefits be installed to include the family plan, this bill will not preclude such negotiations or any other negotiations that will result in a fair compensation package. Additionally, this bill does not preclude the negotiators from continuing the approximately three hundred percent larger benefit currently received by the married over the singles if in totality the equal pay underlying principle is satisfied.

"Remember, as legislators, we create policy that is expected to result in laws consistent with all our other laws and federal laws. Not passing this bill will perpetuate the practice of unfairness in our personnel administration and collective bargaining agreements.

"We have all been guilty of looking the other way. Is it because no one has complained that our practice violates the fundamental policies of nondiscrimination? Collective bargaining cannot correct this problem. Only we can eliminate all non-merit, artificial, traditional and arbitrary factors which exclude or cause the under-representation of any group of individuals.

"Members, please allow this measure to proceed and move to the Senate where a full discussion can continue and proposals to amend can be considered to make this bill fairer in its transition to a level playing field in personnel administration.

"Thank you, Mr. Speaker."

Representative Moses then rose in opposition to the bill, stating:

"First of all, I want to point out that this is a matter of fairness that I've talked about before that you don't change rules in midstream. I just feel the idea that maybe the pay will go up because the benefits go down. That's possible.

"Another thing we may want to consider is our income tax laws and others have marital benefits, if you want to call it that, and benefits for dependents -- are we going to change all of those, too? We're going to move further away from what we've always called 'fairness' in the past.

"I also want to point out that while the Committee Report states that HGEA, UPW and HSTA all talked in favor of this measure, it goes right on to say that your Committee has amended this bill by deleting its substance and inserting new material. So this bill did not have their endorsement, and I am of the understanding as of today that those unions are against this. Now you know I'm probably on the wrong side of the aisle to be trying to defend unions, at least in public impression of what we do over here, but I believe in fairness. Those people have been working, they were hired, they were told: 'this is

your benefit package.' Pay and benefits go together. Now we're going to change it in midstream again. So I am opposed to it for that reason, Mr. Speaker.

"Again, if this was for all new hirees, I'll go along with it, then it's something for them to decide whether they want to take the job or not.

"Thank you, Mr. Speaker."

Representative White then rose to speak in support of the bill, stating:

"Mr. Speaker, I would just like to point out that I think all of us have to accept the fact that the Finance Committee is coming to the stark realization that our health care costs are increasing at a very rapid rate. Just to give you an example: in 1988, we spent about \$44 million on health care for active and retired employees. This past year, we spent \$190 million.

"So if the members on the other side of the aisle are truly concerned about controlling the cost of government, we have to begin to consider some of these measures. And just to put it in another perspective, if you were to take the average income tax paid by resident taxpayers and add to it the average excise tax paid by the resident taxpayer, we are paying about \$500 more in taxes now than we were in 1988. But even though we're paying \$500 more in taxes, in 1988 it only required 28,000 taxpayers to cover the Health Fund expense. With the additional \$500 a year, it will take 98,000 taxpayers to cover health care, so I accept the challenge that we have. We don't want to change canoes in midstream, but I guarantee you, if we don't start looking at new ways to 'fix' the different bow or different seat or different 'okole', the canoe is going to sink.

"Thank you."

Representative Case submitted the following remarks for insertion into the Journal:

"Mr. Speaker, I rise in support of this bill, which is an important component of our effort to bring public employee benefits in line with those accorded elsewhere in our country and the world, thereby avoiding a crippling financial burden over the long-term. However, I share the concerns previously expressed by the Representative from the 31st District (Salt Lake-Moanalua) with regard to implementation phasing, and endorse his efforts in that aspect.

"Thank you."

The motion was put by the Chair and carried, and the report of the Committee was adopted and H.B. No. 3071, HD 1, entitled: "A BILL FOR AN ACT RELATING TO THE PUBLIC EMPLOYEES HEALTH FUND," passed Third Reading by a vote of 35 ayes to 14 noes, with Representatives Ahu Isa, Fox, Halford, Hamakawa, Hiraki, Marumoto, McDermott, Moses, Pendleton, Takai, Takamine, Takumi, Tarnas and Yonamine voting no, and Representatives Abinsay and Nakasone being excused.

Stand. Com. Rep. No. 798-98 and H.B. No. 2564, HD 1:

Representative Okamura moved that the report of the Committee be adopted and H.B. No. 2564, HD 1, pass Third Reading, seconded by Representative M. Oshiro.

Representative Stegmaier rose to speak in support of the bill, stating:

"This is another Economic Revitalization Task Force proposal that we are passing. It sets very ambitious goals for our students in two areas. The bill says that by the year 2001, that all pupils completing the eighth grade will be computer literate, and it also says that our students by the year 2004 will be graduating from high school competent in at least one language other than English.

"Mr. Speaker, this is a visionary piece of legislation with setting ambitious goals for our students, and by realizing these goals we will allow our students to participate actively in a rejuvenated Hawaii economy that has a much greater international role. I believe it is this kind of legislation that we need to put forward, even if we're just making a declaration and we don't know how it is that we're going to get there. They will allow us to truly move forward over the next few years, and for that reason I support this measure.

"Thank you."

Representative Kahikina then rose to speak in support of the bill, stating:

"I want to thank the Chair of the Education Committee and all those who were responsible for passing this bill out, having the courage to do what an elected Board of Education. . . seems like they didn't want to do it. . .

At this point, Representative Whalen rose on a point of order and stated:

"This going on and continuing about the elected versus appointed Board, I don't think has anything to do with the bill."

Representative Kahikina then thanked the Chair.

Representative Kahikina submitted the following remarks for insertion into the Journal:

"Mr. Speaker, my support of this measure is a fiscal concern that we don't limit funds to Hawaiian Immersion which is considered the most popular language classes and is supported by family and community participation. Also, I feel that the elected Board of Education have the authority to establish this kind of policies and should be in their privy."

Representative Ward rose to speak in support of the bill, stating:

"Mr. Speaker, I commend the author of the bill for having the word 'shall' become confident rather than 'may be' instructed in or some of these legal terms that I think other jurisdictions have in the past tried to do.

"Mr. Speaker, this is revolutionary and a landmark in that it formats documents which otherwise puts the Asia/Pacific stamp on us in the middle of the Pacific of which I think, for many years, we've denied who we are, where we are. We've looked at people who speak a second language rather than this bill does. It encourages people to speak a second language. In fact, mandates people to speak a second language.

"I think we've come a long way culturally. I think we've come with this linguistic requirement an enhancement of our self-esteem as a people, and in the long run, Mr. Speaker, if this comes to pass, we will realize the destiny that we have very specially set up for us as an Asia/Pacific entity.

"Thank you."

The motion was put to vote by the Chair and carried, and the report of the Committee was adopted and H.B. No. 2564, HD 1, entitled: "A BILL FOR AN ACT RELATING TO EDUCATION," passed Third Reading by a vote of 49 ayes, with Representatives Abinsay and Nakasone being excused.

Stand. Com. Rep. No. 799-98 and H.B. No. 2557, HD 2:

Representative Okamura moved that the report of the Committee be adopted and H.B. No. 2557, HD 2, pass Third Reading, seconded by Representative M. Oshiro.

Representative Herkes rose to speak in support of the bill, stating:

"Mr. Speaker, this measure, coupled with the Regulatory Flexibility Act also working its way through the legislative process, will lift a number of regulatory burdens faced by all business in Hawaii. This relief will especially benefit small business.

"The effect of these two measures will be simplified regulations, regulations that will have to be justified as essential, the elimination of duplicative regulations, and finally this measure will place all regulatory agencies on strict time frames.

"This bill and others this body will address today are evidence that this House is determined to lift the regulatory load on business.

"I urge all members to support this bill."

Representative Tarnas then rose in support of the bill with some reservations, stating:

"Mr. Speaker, this bill has the right idea of setting time limits for processing permits. I believe that improving response time for such permit review is essential in order to reform our regulatory nightmare for businesses.

"However, since this measure says that within 90 days the permit is acted upon or it is approved, the problem will come when contested case hearings are approved or perhaps an applicant has a decision to be delayed for one reason or another, these particular permit applications would not meet the 90-day deadline.

"There needs to be some changes to the bill to address these concerns so we can have real and meaningful regulatory reform, not an arbitrary timetable that actually may cause an agency to violate statutory requirements.

"Thank you, Mr. Speaker."

Representative Takumi then rose and asked the Clerk to record an aye with reservations for him, and the Chair "so ordered."

Representative Thielen then rose and stated:

"The same bill and similar reservations that have just been expressed," and the Chair "so ordered."

Representative Menor submitted the following remarks for insertion into the Journal:

"The purpose of H.B. 2557, HD 2, is to require government agencies and departments to establish maximum time periods not to exceed 90 days to review and approve business and development-related permits, approvals, and licenses. This bill also provides that such licenses, permits, or approvals shall be deemed granted if

no action is taken by the government agency or department within the 90 day period.

"Mr. Speaker, H.B. 2557, HD 2, would implement one of the key proposals of the Economic Revitalization Task Force. This bill will help to streamline government and substantially improve our State's regulatory and business climate by providing businesses with a greater level of certainty as to the time required to gain necessary approvals, permits and licenses.

"Because this measure will clearly help to revitalize Hawaii's economy, I would ask my colleagues to support H.B. 2557, HD 2."

Representative Meyer submitted the following remarks for insertion into the Journal:

"I would like to speak in support of H.B. 2557, HD 2, with reservations. I am in favor of setting some sort of time limit on the review of State applications for permits, approvals, and licenses. I do see the need for expedient process, yet I have reservations about H.B. 2557, HD 2, and its 90-day time limit. Ninety days may not be enough.

"The State has a responsibility to make sure all permits, approvals, and licenses deserve to be approved. I would not want to see the State get sued for approving inappropriate projects simply because they ran out of time. Also, I fear that the time limit may be used by agencies as a way out of making decisions about controversial projects. What would prevent agencies from just stalling until the ninety days is up?

"The reason we have these permit processes, as cumbersome and as in need of reform that they are, is to ensure safe, informed, and appropriate decision. Though I am in favor of some type of reform to help struggling businesses in their lengthy permit approval process, I am not sure that this is the best way. Thus, though I support the intent of the bill, I do so with reservations."

Representative Morita submitted the following remarks for insertion into the Journal:

"Mr. Speaker, I rise in opposition to this bill. While I agree with requiring issuing agencies and departments to administratively establish maximum time period for permits, approvals and licenses, I disagree that all agencies and departments be held to an 'across the board' maximum of 90 days.

"Many times land use issues such as re-zoning and reclassification, which involve a change in public policy, take longer than 90 days to accommodate public participation. It is obvious that such a process cannot be compared to a permit or licensing process for a business or development in an appropriately zoned or classified area where the permit and license process should be expeditious.

"I agree that maximum time period should be developed, however, not held fast to 90 days. For that reason, I oppose this measure."

Representative Yoshinaga submitted the following remarks for insertion into the Journal:

"Mr. Speaker, I rise to speak in support of H.B. 2557, HD1.

"By establishing maximum time frames for review and approval, this measure expedites the regulatory approval process for State development-related permits, approvals, and licenses. As presented through extensive testimony

on this measure in hearings, the work and effort required to obtain the various permits and licenses can add considerable costs to a development if approvals are not timely. Given our current business environment and the state of our economy, this is not a situation which we should allow to perpetuate here in Hawaii. Constructive steps are needed to improve Hawaii's business climate to foster increased business activity for our State.

"This measure provides a step toward improving the overall regulatory climate for business by providing predictability in the approval process. It also signals the State's awareness of a serious business deterrent, and the State's intent to improve the overall regulatory climate in Hawaii. As Chair of the Energy and Environmental Protection Committee, I realize that it is important to address here the concerns that the environmental community has in reaction to this measure. I understand the rational behind concerns that this measure may irresponsibly make the environment even more vulnerable than it is right now. This is not the case. In adopting the HD 1 version of this bill, the Committee on Consumer Protection and Commerce intended that State agencies and departments should establish time frames for the review and approval of development projects that will allow for adequate consideration of potential environmental impacts.

"This bill does not seek to unravel the protective regulations we have established to protect our environment and communities. Rather, it intends to promote business development by bettering the approval process, while giving approving agencies and departments the responsibility to establish time frames that will allow them to adequately consider and review environmental impacts. It is for these reasons, Mr. Speaker, that I vote in support of H.B. 2557, HD 1."

The motion was put to vote by the Chair and carried, and the report of the Committee was adopted and H.B. No. 2557, HD 2, entitled: "A BILL FOR AN ACT RELATING TO REGULATORY PROCESSES," passed Third Reading by a vote of 48 ayes to 1 no, with Representative Morita voting no, and Representatives Abinsay and Nakasone being excused.

Stand. Com. Rep. No. 800-98 and H.B. No. 2566, HD 2:

Representative Okamura moved that the report of the Committee be adopted and H.B. No. 2566, HD 2, pass Third Reading, seconded by Representative M. Oshiro.

Representative Kawanakoa rose to speak in support of the bill, stating:

"This bill refers to, I guess gap accounting, or trying to implement measures so that we can just determine whether our agencies are doing a good job or a bad job or just an adequate job. I think it's a wonderful step for us to begin to address the concerns of whether or not we're providing quality services at an appropriate price. So it's a wonderful step.

"My only reservation is with Part II of the bill that goes into discussion of setting up another commission or task force, with regard to the issue of privatization, in trying to give an oversight committee, I guess, or commission what could or could not be privatized. I think the Executive has within its grasp the understanding of where it can use the private sector as an appropriate tool.

"Part II of this measure seems to be in contradiction to the bill we just discussed earlier, Stand. Com. Rep. 802-98, regarding privatization. And as my good colleague from Kauai mentioned, that in such simple terms we have

made it so clear that it is appropriate for State government and County government to use the private sector in certain instances.

"I will note that this is very confusing language. I won't get into the 'and and', 'or or', 'and/or and' sort of language that is used throughout this, but I will note that on page 11, line 8, it refers in Section 9: 'There is created a seven-member committee...' and as I look through the committee, there are only six people identified. So this bill is very confusing to the point where perhaps the drafter even got confused.

"Thank you, Mr. Speaker."

Representative Marumoto submitted the following remarks for insertion into the Journal:

"Despite its flaws, I am voting aye on this measure with reservations. We are in need of a strong bill to allow future privatization and to allow for the continuation of present contracts with the private sector. This is not that bill. However, the intent of this measure is to allow some of the contracts in force to continue.

"House Bill 3199 is a far stronger bill that would insure that local governments can utilize outsourcing when circumstances are appropriate. I think we should work to improve this vehicle. The state and counties could use all the help they can get."

Representative Meyer submitted the following remarks for insertion into the Journal:

"I would like to speak in opposition to H.B. 2566, HD 2. This bill is in response to the Konno v. County of Hawaii decision that threatens the traditional link between the public and private sector. The contracting out of government services to the private sector has been an integral part of the way government does business for some time now. It has been a positive partnership for both the public sector, as well as the private sector. Private sector companies can often provide cheaper, more efficient, and technologically superior services.

"There needs to be a change in the law in order to clarify the legality of this relationship. H.B. 2566 only provides a temporary solution to the problem. Rather than create a committee (which is over-represented by union interests) that will drag out the process for three years and then make decisions that may not be in the best interest of the people of this State, we need to change the law now for good. We need to make it crystal clear that contracting out to private companies that can provide cheaper, better services is not only legal, but also desirable. We need to consider the overall interests of the people of this state at large, not special interests. Therefore I stand in opposition to H.B. 2566 as it does not truly solve the problems brought about by the Konno decision."

The motion was put to vote by the Chair and carried, and the report of the Committee was adopted and H.B. No. 2566, HD 2, entitled: "A BILL FOR AN ACT RELATING TO STATE GOVERNMENT," passed Third Reading by a vote of 47 ayes to 2 noes, with Representatives Aiona and Meyer voting no, and Representatives Abinsay and Nakasone being excused.

Stand. Com. Rep. No. 801-98 and H.B. No. 2567, HD 2:

Representative Okamura moved that the report of the Committee be adopted and H.B. No. 2567, HD 2, pass Third Reading, seconded by Representative M. Oshiro.

Representative Fox rose to speak in support of the bill with reservations, stating:

"Mr. Speaker, I'm not going to have anything further positive to say about this bill. I think it's a major embarrassment. . .

The Chair interrupted and said:

"Representative, this bill I believe. . .has this bill been discussed? Please proceed."

Representative Fox continued, saying:

"This is the first time we're discussing this bill. It's a major embarrassment.

"In 1987, John Waihee was inaugurated Governor, well he was inaugurated in 1986, and in 1987 he addressed this House and the Senate and in his first State-of-the-State speech, he called at that time for an end to the duplication of services between the State and the counties, and he asked for the formation of a group made up of State and the City and the various counties to look into the problem of overlap, of duplication between the State and the counties.

"Well, Mr. Speaker, this group got together and had very many meetings and issued a long report -- over a hundred pages -- a report that is available to any member sitting here on this floor. Now clearly is the time to end the duplication. This is not the time to do yet another study. It's an embarrassment that all we're doing at this point on the important issue of any duplication between the State and the counties has come forward with another study.

"However, you know, you can't really oppose the idea of doing something to move forward so we can't oppose the bill but we should have done much more, and what other word can I use. I'm embarrassed.

"Thank you, Mr. Speaker."

At 4:35 o'clock p.m., Representative M. Oshiro asked for a recess and the Chair declared a recess, subject to the call of the Chair.

The House of Representatives reconvened at 4:36 o'clock p.m.

The motion was put to vote by the Chair and carried, and the report of the Committee was adopted and H.B. No. 2567, HD 2, entitled: "A BILL FOR AN ACT RELATING TO THE DUPLICATION OF GOVERNMENTAL SERVICES," passed Third Reading by a vote of 49 ayes, with Representatives Abinsay and Nakasone being excused.

Stand. Com. Rep. No. 802-98 and H.B. No. 3199, HD 2:

Representative Okamura moved that the report of the Committee be adopted and H.B. No. 3199, HD 2, pass Third Reading, seconded by Representative M. Oshiro.

Representative Kawanakoa rose to speak in strong support of the bill, stating:

"Mr. Speaker, this is very positive, this is a wonderful step forward. We are taking a corrective action that should have been taken last year. I know the House attempted to make the move in this direction but we were stymied by our colleagues in the neighboring chamber.

"The purpose of this bill is to permit State and County officials to contract with private entities to provide goods, services and construction to be financed by public funds when they can be provided at lower cost and in equivalent or better quality than that which could be produced by a government entity.

"What a wonderful concept, what a wonderful statement for us to make. I am glad to see that we are truly addressing this issue and will avail our public of the use of the private sector in reducing our cost.

"Thank you very much, Mr. Speaker."

Representative Kanohe rose to speak in support of the bill, stating:

"Mr. Speaker and members, the strength of this bill lies in its clarity and simplicity. With just a few well chosen words, this bill addresses a complex and controversial issue of privatization as just read by the Minority Leader.

"This bill is clear and very straightforward. It is what our public wants us to do. It is the right thing to do because it gives us the opportunity to appropriately rightsize government and to reduce its high cost.

"I very much appreciate and thank the members of this body, and particularly Leadership, for the wisdom and the courage in supporting this bill as well as a similar measure which passed this House last session.

"Thank you very much."

Representative Yonamine submitted the following remarks for insertion into the Journal:

"Mr. Speaker, I rise to speak in support of H.B. 3199, HD 2. This bill emerged from the Hawaii Supreme Court's decision in Konno v. County of Hawaii last year. The Konno decision cast a cloud over the government's legal right to privately contract-out for the goods, services, and construction the State provides to the public.

"During these tough economic times, the State and Counties are unable to provide many of these long-established government services without the cost-effective practice of privatization. The Konno decision has generated an increasing amount of litigation challenging the government contracts with for-profit and non-profit agencies. Thus, the law has fostered challenges by public employee unions.

"House Bill 3199 clarifies the State's understanding of the law prior to Konno. This bill allows the State or County to use public funds to pay for private contracts when privatization will, one, prove less costly; and two, provide equal or better quality of services than a government entity. The bill's intent is not to increase privatization but simply to legalize the way the State and counties operated prior to the Konno decision. This bill clearly protects contracts with both for-profit and non-profit agencies from Court challenges. House Bill 3199 allows the government to provide the highest quality goods, services, and construction at the lowest possible cost.

"During these tight economic times, we owe it to the people of Hawaii to make the most efficient use of the State's limited funding. Therefore, I fully support the passage of House Bill 3199 to blow away the Konno cloud and reinstate the cost-effective practice of privatization as clearly defined in this measure."

The motion was put to vote by the Chair and carried, and the report of the Committee was adopted and H.B.

No. 3199, HD 2, entitled: "A BILL FOR AN ACT RELATING TO PRIVATIZATION," passed Third Reading by a vote of 47 ayes to 2 noes, with Representatives Takamine and Takumi voting no, and Representatives Abinsay and Nakasone being excused.

Stand. Com. Rep. No. 803-98 and H.B. No. 2554, HD 2:

Representative Okamura moved that the report of the Committee be adopted and H.B. No. 2554, HD 2, pass Third Reading, seconded by Representative M. Oshiro.

Representative Fox offered the following amendment to H.B. No. 2554, HD 2:

"SECTION 1. House Bill No. 2554, H.D. 2, is amended by amending line 20 on page 1 to lines 1 to 3 on page 2 to read:

'recommendations of the economic revitalization task force by creating a tourism board funded by a combination of seven percent transient accommodations tax and four percent general excise tax.'

"SECTION 2. House Bill No. 2554, H.D. 2, is amended by amending line 1 on page 21 to read:

'to [six percent] eleven percent effective January 1, 1999, of'

"SECTION 3. House Bill No. 2554, H.D. 2, is amended by amending line 10 on page 29 to read:

'(3) Eleven percent for the period beginning on January 1,'

Representative Fox moved that the amendment be adopted, seconded by Representative Aiona.

Representative Fox rose to speak in support of the amendment, stating:

"Mr. Speaker, we have a big challenge in terms of figuring out how to finance the Tourism Development Fund that was called for by the Economic Revitalization Task Force. The bill to which my amendment is addressed does a good job of meeting this challenge, and that is to take care of the counties, to create a fund, to take care of the Convention Center and yet not hit the general fund.

"The proposal that we have before us that I suggest to amend, creates a fund by putting together the transient accommodations tax and the general excise tax collected by the hotels into a new transient accommodations tax. Unfortunately, the new transient accommodations tax is at 11.5 percent. This is a combination of the transient accommodations tax of 7 percent and a general excise tax of 4.5 percent.

"The purpose of this amendment is to make clear that the total tax should be 11 percent, however you arrive at the math, because the visitor industry agreed to an increase of one percent from six to seven percent of the transient accommodations tax, and we all know that the excise tax should remain at four percent, so the combination would be eleven percent.

"Mr. Speaker, I have to tell you that we have to fix this bill. If the Senate prevails and we go with an 11.5 percent bill, as would be here unamended, the visitor industry will be left high and dry, paying 11.5 percent, when the original calculation was made up of the excise tax and the transient accommodations tax for a total of eleven percent.

"The role of the visitor industry in this is very important. I walk around wearing a button that says: 'No new taxes.' The only reason I support a tax in this area is that the people who are directly affected themselves, the people whose business is affected, the visitor industry, the hotel industry, is willing to see a one percent tax increase but not 1.5 percent, so I beg this body to support this amendment, get it down to eleven percent. If your position prevails on the general excise tax, you can always use the general excise tax bill as a way to fix this and move it back up to 11.5 percent, if that is your wish. But if it goes the other way and the Senate position prevails, the industry will be left high and dry with this 11.5 percent calculation. So let's get it down to eleven percent.

"Thank you very much, Mr. Speaker."

Representative Say then rose to speak against the proposed amendment, stating:

"Mr. Speaker, in formulating the TAT that is before all of us here this afternoon, we did agree with the one percent on the transient accommodations tax, and we also agreed with a .05 percent increase of the GET.

"Let me warn all of you here today, Mr. Speaker and members, that first and foremost, I think the members of the Finance Committee were very cognizant. Cognizant to the point that we wanted to try to take care of the respective counties.

"Also, Mr. Speaker and members of this House, for every percentage point, it is equivalent to about \$20 million. For example, with the 11.5 percent, we would come out with a total of about \$235 million, the amount fixed to the counties at the 1997 level \$97.409 million, which leaves you with a balance of \$138.42 million. Forty percent of that will be used for this Tourism Special Fund and a specific amount every year that is decided by the legislative body for our debt service.

"Mr. Speaker and members of the House, I believe the amendment that is on the floor today is fiscally irresponsible. Why? With the reduction of this .05, the general fund will be losing \$10 million.

"In this particular bill, Mr. Speaker and members of this House, the State general fund is losing approximately \$16 million because we are forgiving the GET to balance the TAT overall, and that is why I say to all of you members here this afternoon, that the proposal on the floor as this amendment would just compound our general fund balance by \$10 million.

"Thank you."

The motion to adopt the amendment was put to vote by the Chair and failed to carry by voice vote. (Representatives Chang, Goodenow, McDermott, Morigahara and Thielen were excused.)

Representative Kawanakoa rose to speak against the bill, stating:

"As it currently stands, we're asking our tourist industry to take a seven percent and add another half percent to it, so now we're asking them to burden an 11.5 percent tax, hotel room tax.

"I think we started out the beginning of the session that we're not going to stand for any increase in the general excise tax, Mr. Speaker.

The Chair interrupted and said: "I beg your pardon. Will you please speak to this bill and not to the excise tax bill that is going to come up."

Representative Kawanakoa continued, saying:

"I believe the prior speaker raised the issue of the general excise tax.

The Chair then said: "We're on this tourism tax. Will you please confine your remarks."

Representative Kawanakoa continued, saying:

"I understand that, Mr. Speaker, but I'm just noting that I'm addressing the fact that we're combining the general excise tax along with the TAT to get to the eleven percent, which is palatable by much of your Minority caucus. When we go, we used the 4.5 percent increase in the general excise tax, combine that with the seven percent, we arrive at 11.5 percent. And that's where I have a problem, and I want to make that clear, because this Caucus supports many of the ERTF recommendations and we don't want to be looked upon as if we're in opposition to what the Governor's Task Force recommendations were, so I have to make it perfectly clear.

"My vote in opposition is because tied up in all of this is actually an increase in the general excise tax. And as I stated on Opening Day, I will not vote in favor of an increase in the general excise tax. Apparently the Senate won't. Many of our constituents didn't want it. . .

The Chair interrupted and said: "Again, I'm going to have to call you out of order."

Representative Kawanakoa continued, saying:

"Before I get out of order, Mr. Speaker. . .

The Chair stated: "You're out of order. But if you confine yourself to the merits or the demerits of this bill, you can proceed."

Representative Kawanakoa continued, saying:

"I think I made myself perfectly clear that my opposition is with the extra half percent. Our amendment tried to remedy the problem but apparently the Majority is stuck on increasing the TAT to 11.5 percent, which looks like a combination of the TAT at seven percent plus the 4.5 percent general excise tax.

"Thank you, Mr. Speaker."

Representative Cachola rose to speak in support of the bill, stating:

"Mr. Speaker, Hawaii needs tourism. It is the single largest source of private-sector income and our best hope for economic revitalization. Internationally, it is one of the fastest growing business activities. Unfortunately, it is one of the most competitive. We have to struggle to maintain our market share against other destinations, such as Florida, Mexico, Australia, to just name a few, that have advantages in price and proximity to the largest visitor source markets.

"To broaden our economic base and achieve greater stability, Mr. Speaker, we need to diversify. However, our best chance for success while diversifying is to leverage our existing strength in the visitor industry. For this, we will first need to maintain our competitive position.

"This measure is supported, Mr. Speaker, by no other than the visitor industry. They are not opposed to this, Mr. Speaker. Even the present amendments made by the Finance Committee.

"Mr. Speaker, the dedicated funding, which will come out of this increase of the TAT from six to eleven percent, will enable planning on a longer term and will allow for greater amounts of cooperative funding from private sources.

"The current version of the bill will raise the transient accommodations tax rate to 11.5 percent but exempt accommodations from the GET. The revenue formula and distribution to the counties will still remain the same, and the anticipated debt service for the Convention Center will be funded.

"Mr. Speaker, we need to take action to protect our investment in the one industry that can pull us out of this economic slump.

"For these reasons, Mr. Speaker, I urge all the members to vote in support of this bill.

"Thank you."

Representative Ward then rose to speak against the bill, stating:

"I have four reasons to speak against this bill, Mr. Speaker. The first is, the visitor industry doesn't want it. They've agreed to 11 percent, they've agreed actually to get taxed and we want to add another half percent on top of it is insult to injury. They don't want this bill, they're going to fight the bill.

"The second thing is, by putting it at 11.5 percent, it makes this comparably high to other destinations. You say: well, look, New York is high, San Francisco is high. Well, remember, those people live off of business travelers, we live off of family travelers. There is a difference between a family budget and expensing out by business.

"Thirdly, Mr. Speaker, we have package tours as a large component of our visitors. Package tours, you see them before you get them, you pay for them before you actually leave it, and when we add on another 1-1/2 percent, people are going to compare and shop.

"Fourthly, and lastly and most importantly, Mr. Speaker, we have to be aware that we are an Asia/Pacific location, we are an Asia/Pacific entity here in the middle of the Pacific, and what has gone into the Asian economy is in the devaluation of their currencies. We must be very mindful of that because there are some travelers in Asia who can't come here. There's been devaluations of their currencies that have injured their visitors from traveling and our visitor industry from receiving them. We have to be mindful that the future of Hawaii's growth in tourism is in Asia. It has been constantly reminded in the numbers that we will have half of our visitors by the year 2000 from Asia. Right now, we're just a little bit under that.

"If the future growth is in that particular area, why would we not now say: well, Asian visitors, we don't want you. Do we want the Koreans to come back? They've almost disappeared from our islands. Raise the tax up, raise the packages that we're going to be sending them in Seoul, they won't come back. What about the Taiwanese, what about the Indonesians? There's a 70 percent devaluation of their currencies.

"We want the Asians to come here. We need them, we rely upon them. But this one, which has gone too far afield from 11 to 11.5 percent is, in effect, cutting our nose to spite our face, Mr. Speaker. The engine of this economy is tourism. And when we push the envelope to the extent that we're going to have people not even come here, we are treading on very, very dangerous territory.

"Just for a few more bucks -- for another \$20 million -- that the Chair of Finance said, we are risking what otherwise is the only industry we've got. We haven't diversified, we've put all of our eggs in one basket, and we're pushing this basket by way heavier on the tax on those eggs. Mr. Speaker, this is not good policy, we can do better.

"Thank you."

Representative McDermott then rose to speak against the bill, stating:

"Mr. Speaker, this is another tax increase, and we don't need it. And what we want to do now is shift the burden to the visitor -- let the visitor pay for our largess. Well, we shouldn't have to do that.

"And to the visitor industry, I think they've been sold a 'pig in a poke.' They're going to be waiting for this marketing fund. All I have to say is: the check's in the mail.

"Thank you."

Representative White rose and asked the Chair for a potential conflict ruling saying that he, his owner, his employees and his guests will be contributing approximately \$1.7 million to the fund each year, and the Chair ruled "no conflict."

Representative White then spoke in support of the bill, stating:

"Mr. Speaker, I would like to commend the House and the Finance Committee for crafting a bill. This bill needs a little bit of work but I think, in balance, it is a very healthy measure. And as one of the tiny little pieces in this engine of our economy, I'm convinced and I've been trying to convince you all over the years of the need for us to properly fund visitor promotion.

"Diversification is wonderful, and I think that's a goal that all of us seek. But as we search for ways to diversify, we've got to make sure that the industry that is paying a substantial number of our bills is healthy.

"With respect to keeping the counties whole issue, I for one am not one that feels that this is an absolute necessity. From a hotel perspective, in the last ten years or so, since the transient accommodations tax has been implemented, the counties, from hotels and resorts, have received an increase in taxes and through the property tax and the TAT, of approximately \$140 million.

"As originally crafted, this bill would have simply asked for \$40 million of that \$140 million increase back. Is that unfair? I don't think so. Do they face financial problems? Absolutely, just as we do. But to say theirs is any worse than ours is not necessarily true.

"In my own organization, and this is why I hope that we don't go any further afield, as far as the tax rate is concerned, my hotel taxes have gone from \$820,000 a year up to, this proposal putting us at \$2.1 million in State taxes per year. So please understand that as a hotel person, I accept the responsibility to pay for some dedicated funding. At the same time, as a hotel person, I

feel that hotels are already paying way more than their fair share.

"Let me give you an example. I went to speak to the Retail Merchants Association last year, and before doing so I called the HVCB to find out how much money the retail merchants throughout the State contribute towards HVCB's marketing efforts. What I found out was that all the retail merchants in the State, including Liberty House, et cetera, et cetera, spend with HVCB in one year less than I spend in my one hotel in one month. Do I want to continue to carry everybody else's water? No. But I realize from the political standpoint, we are the best at collecting taxes. It's an unfortunate reality, but this dedicated funding source is one of the most important things that this Legislature can do this year. As far as I am concerned, this issue, or this bill, provides the boldest measure of our ERTF package.

"Just to share with you a few thoughts. Representative Cachola mentioned that we've lost market share. It might interest you that compared to the thirteen destinations included in a study of marketing expenditures, visitor expenditures, et cetera, last year Hawaii had lost the largest percentage of market share of all thirteen destinations. It might not surprise you that if you compare their tourism budgets and our tourism budget with those of other destinations that can only be reached over water, in that same study that eliminates Florida and Mexico, if you look at our expenditures per room, we're dead last. If you look at our expenditures per visitor, we're dead last again.

"So where are we going? The Virgin Islands in the study was the only destination that we looked at that had visitor expenditures larger than the State of Hawaii. They had about \$1,800 per visitor compared to our \$1,650. However, they spent thirty-four dollars. . .

At this point, Representative Okamura rose and yielded his time to Representative White.

Representative White thanked the Chair and continued, saying:

"However the Virgin Islands spent thirty-four dollars attracting each visitor. We spent \$3.02. What do we get in economic benefit for every dollar that we spend? \$546 in spending, \$42 in State tax revenues. Now, how does our \$546 compare to others? The closest one to us is Guam. They get \$193 for every dollar they spend. And the Virgin Islands get \$53, and this is in visitor expenditures, not in taxes, because we don't know what their tax structure is. The Bahamas only get \$20 in visitor expenditures back for every dollar they spend to market, and yet we get \$546.

"Now, I don't know if you guys can see the correlation. I don't have a problem seeing that this a good risk. This is something that is very bold because it is something that's going to require us to put money into it. The hotels are willing to step forward and put their share in. I think it's incumbent upon us to put a share of it in for the rest of the community that's benefitting from the visitors being here. What we are investing into the visitor industry at this point is .02 percent of what we get back. Bermuda reinvests 46 times more than we do.

"So it's time for us to step up to the plate and really do what I feel is going to provide the biggest boost to our economy. Leroy Laney of First Hawaiian Bank has stated that 'visitor promotion expenditures are the quickest, most effective way to kick start our economy.' I believe him. I hope many of you will begin to accept that point of view as well.

"Just one final point, Mr. Speaker, before I close up. We've had a company by the name of Longworth International Tracking in 1994, and expenditure by HVCB in eight targeted cities. The expenditure was about \$7.9 million, and they tracked it by keeping in touch with 3,600 individuals over a three year period to see how they were impacted, whether they traveled, and if they traveled, what they spent, and basically, the results of their study projected that this \$7.9 million expenditure didn't generate the \$42 in State taxes that we had talked about earlier, but would generate ten dollars in new taxes for every dollar we spend, and the \$7.9 million expenditure by HVCB generated a \$1.07 billion economic boost over a two year period. This means that if we increase the spending to what is in the bill currently, this could mean a \$4 billion economic benefit over the next two years. Is that going to happen? Is that something I can guarantee? Absolutely not. But I can guarantee you that if we don't do it, we can't expect to see much in the way of growth.

"Thank you very much, Mr. Speaker."

Representative Moses then rose to speak against the bill, stating:

"I am all for funding tourism. I know how important it is. And if the hotel industry thinks that some of the TAT money would help them, well that's possible. I know they need the funding, I'm not sure that's the way to give it to them.

"However, I am opposed and remain opposed and will always remain opposed to any GET increase.

The Chair interrupted and said:

"Again, this does not concern the GET. You are out of order, Representative. This concerns the TAT. Please confine yourself to that."

Representative Moses continued, saying:

"Well maybe I misunderstand the bill, Mr. Speaker, but it says quite clearly that it's a GE tax exemption and that 4.5 percent is added to the TAT plus one additional percentage for TAT for 11.5 percent. So we can call it whatever we like. But I am opposed to that portion of the tax increase and I think we heard a lot, just a few minutes ago, about fairness and equity, fair share, and I think what we're going to find is everybody is going to say: well, the hotel industry is paying the 4.5 percent. You ought to do it too.

"Thank you, Mr. Speaker."

Representative Marumoto then rose to speak in favor of the bill with reservations, stating:

"I did not put any money into the pot. I am opposed to gambling.

"Mr. Speaker, just briefly, I'm in favor of this measure but my reservations go to the extra half percent, which is tacked on which many people mentioned. I think though I might want to point out that the Hawaii Hotel Association has not endorsed the extra half percent. They are very willing to have the increase in the TAT to seven percent, they're willing to have the excise tax folded into the TAT for another four percent for a total of eleven percent. However, the Hawaii Hotel Association does not support 11.5 percent.

"I am very happy that this money provides dedicated funding for tourist promotion which we desperately need, and it does take care of our counties.

"Thank you."

Representative Tarnas then rose and asked the Clerk to record an aye with reservations for him, and the Chair "so ordered."

Representative Kawanakoa then rose and stated:

"I just wanted to point out I agree with the previous speaker with regard to the overall industry is opposed to this half percent increase. They agreed to seven percent plus the four percent of the general excise tax, or a total of one percent increase in the TAT, or serving them as 1.5. And I appreciate the words of my good colleague from Kaaanapali, but that's one hotel, that's one individual, that's not the industry. I would just simply note that the 11.5 percent TAT figure consist of the sum of the 4.5 percent GET, a one-half of one percent increase from the current 4 percent as proposed in House Bill No. 2568, HD 1, and the 7 percent TAT, a one percent increase from the current rate.

"Earlier this afternoon I was called out of order. . .

The Chair interrupted and stated: "And again, you're on the edge of being called out of order."

Representative Kawanakoa continued, saying:

"Mr. Speaker, my remarks are very similar to what I just read in your Committee Report, so I find it difficult and I caution the authority of the Speaker to call us out of order when we decide to discuss. . .

The Chair said: "If you wish to challenge the authority of the Speaker, you may. It's your prerogative. Please proceed."

Representative Kawanakoa continued, saying:

"I asked you to caution your remarks in calling my members and myself out of order. . .

The Chair said: "I will do so whenever I believe that you are out of order, and if you challenge the Speaker, I will continue to call you out of order."

Representative Kawanakoa continued, saying:

"When the visitor is charged 11.5 percent TAT, the net effect will not be prohibitive because the visitor will be exempt from paying the GET. I find it very difficult to reconcile your order and the facts."

Representative Say then rose to speak in support of the bill, stating:

"Mr. Speaker and members of this House, I am a little discouraged and hurt, but I really enjoy the discussion, that we are always trying to be negative, and what I would like to share with you this afternoon is the positive aspects of House Bill 2554, HD 2.

"For the industry itself, it ensures a growing revenue source for the proposed Tourism Special Fund. For the Convention Center Authority, it earmarks additional revenues to pay off the debt service of the Hawaii Convention Center. I also challenge the County Mayors at this time -- don't raise property taxes at the expense of this State House of Representatives. We're not affecting the counties at this point, Mr. Speaker, in the amount of what they are getting and, Mr. Speaker and members, we provide a mechanism that clearly identifies the revenues generated by the visitors and that allows us to follow these revenues to be reinvested in our community.

"Major highlights. We established a Tourism Special Fund at, Mr. Speaker, a minimum now if this bill is enacted, of \$55 million -- double what they are getting. And it will increase, Mr. Speaker, in the out years because in the bill, it commits forty percent of the balance of what is taken off the top from the counties. And Mr. Speaker, it allows us -- the State of Hawaii -- to generate some revenues to offset the loss of the GET that is being incorporated into the TAT.

"Finally, it is not a very easy problem or question to decide, but through the years that I have been here, the industry has always asked and we have never given them a dedicated source of revenue which we are today.

"This is a very landmark decision because all of us here would not be able to dictate to the Board or the Bureau what program we are going to put in, what program we are going to take out. It's going to be left up to this Bureau. And that's why I am very proud of this measure, on a positive note, that we are committed in trying to help the tourist industry with their marketing, advertising and promotion of this beautiful State of Hawaii that we live in.

"Thank you."

Representative Meyer then rose in opposition to the bill, stating:

"First, I want to say how much I appreciate and respect the Chairman of the Finance Committee. This was a very good amendment to this bill. It does solve the problem of the counties being left high and dry, it creates a large sum of money dedicated for the visitor industry for advertising.

"By my figures, the way the bill is written now, the general fund will actually get the equivalent of \$84 million. Looking at the revenues of the hotel industry at approximately \$2 billion, four percent on that is \$80 million. This bill, the way it's written, there will be left \$59 million and then you really have to think about the \$25 million we normally funded the advertising effort with. That comes up to \$84 million. So if we can just amend this and get it down to eleven percent, I think we'll all be happy.

"Thank you, Mr. Speaker."

Representative Morita submitted the following remarks for insertion into the Journal:

"Mr. Speaker, I rise in support of this bill, however, I do have some reservations which I hope will be addressed as the measure continues to move through the legislative process. I am supportive that the transient accommodation tax will be restructured and exempt from the general excise tax. However, I am concerned about the proposed increase to 11.5%.

"The visitor/hotel industry was willing to accept a one percent increase to 11% for a dedicated funding source for tourism promotion. Although the .5% may seem a miniscule amount, I believe we need to be careful in our justification of this additional amount. The percent of an unwarranted increase will destroy the confidence of the industry in the revitalization of our economy.

"Secondly, I am concerned about the Neighbor Island and hotel industry representation on the Hawaii Tourism Board. Again, I hope that the continued legislative process will include ample discussion on the full inclusion of Neighbor Island representation on the Board."

The motion was put to vote by the Chair and carried, and the report of the Committee was adopted and H.B. No. 2554, HD 2, entitled: "A BILL FOR AN ACT RELATING TO TOURISM," passed Third Reading by a vote 41 ayes to 8 noes, with Representatives Arakaki, Halford, Kawanakoa, McDermott, Meyer, Moses, Pendleton and Ward voting no, and Representatives Abinsay and Nakasone being excused.

The Chair directed the Clerk to note that H.B. Nos. 3625, 2499, 3071, 2564, 2557, 2566, 2567, 3199 and 2554 had passed Third Reading at 4:43 o'clock p.m.

THIRD READING

H.B. No. 612, HD 1:

On motion by Representative Okamura, seconded by Representative M. Oshiro and carried, H.B. No. 612, HD 1, entitled: "A BILL FOR AN ACT RELATING TO AQUATIC RESOURCES," passed Third Reading by a vote of 47 ayes, with Representatives Abinsay, Aiona, Chang and Nakasone being excused.

H.B. No. 2666, HD 1:

On motion by Representative Okamura, seconded by Representative M. Oshiro and carried, H.B. No. 2666, HD 1, entitled: "A BILL FOR AN ACT RELATING TO DOMESTIC VIOLENCE," passed Third Reading by a vote of 47 ayes, with Representatives Abinsay, Aiona, Chang and Nakasone being excused.

H.B. No. 2667, HD 1:

On motion by Representative Okamura, seconded by Representative M. Oshiro and carried, H.B. No. 2667, HD 1, entitled: "A BILL FOR AN ACT RELATING TO CRUELTY TO ANIMALS," passed Third Reading by a vote of 47 ayes, with Representatives Abinsay, Aiona, Chang and Nakasone being excused.

H.B. No. 2437, HD 1:

On motion by Representative Okamura, seconded by Representative M. Oshiro and carried, H.B. No. 2437, HD 1, entitled: "A BILL FOR AN ACT RELATING TO CONTROLLED SUBSTANCES," passed Third Reading by a vote of 47 ayes, with Representatives Abinsay, Aiona, Chang and Nakasone being excused.

H.B. No. 2512, HD 1:

Representative Okamura moved that H.B. No. 2512, HD 1, pass Third Reading, seconded by Representative M. Oshiro.

Representative Fox offered the following amendment to H.B. No. 2512, HD 1:

"SECTION 1. H.B. 2512, H.D. 1 shall be amended to conform to the Internal Revenue Code provisions which go into effect January, 1998 provided that the Tax Director shall compare the Internal Revenue Code provisions with the State provisions to determine which provisions are more favorable to the taxpayer. Those state provisions which are determined to be more favorable shall be retained.

SECTION 2. H.B. 2512, H.D. 1 is amended by amending lines 15 to 22 on page 7 to read as follows:

'[(b)](d) Section 213 (with respect to medical, dental, etc., expenses) of the Internal Revenue Code shall be operative[, except that subsections (d)(1)(C) with respect

to long-term care services, (d)(1)(D) as it applies to long-term care insurance contract premiums, and (d)(10) as it applies to eligible long-term care premiums [.] shall not be operative in this State].'

SECTION 3. Proposed H.D. 2 reflecting the changes in section 2 is attached."

Representative Fox moved that the amendment be adopted, seconded by Representative Moses.

Representative Fox rose to speak in support of the amendment, stating:

"This amendment is to bring the Hawaii State Tax Code more in conformity with the Federal Tax Code than is accomplished by the original bill to which this amendment is offered.

"Currently, taxpayers in Hawaii face a tremendous problem in dealing with the changes in the federal tax law. That process is easier if when they come to file their State income tax forms, they don't encounter additional difficulties because of different tax provisions at the State level.

"Mr. Speaker, I think that the Congress of the United States and the President of the United States are doing some good things in reshaping the federal tax law and we ought to pick those same things up at the State level.

"So Section 1 of this amendment instructs the Tax Director to go back through the codes and remove from conformity only those provisions that adversely affect Hawaii taxpayers in the form of them having to pay greater taxes. Otherwise, he should opt for all the choices that provide the taxpayers lower taxes.

"Section 2 is very important. Last year this body debated providing the long-term care provisions of the federal tax law that allow deductions, both for buying insurance on long-term care and for long-term care expenses at any facility. The federal government has wisely put in this credit to try to deal with a major problem that has fallen through the safety net in the United States of America today. We don't take care of long-term care.

"The State has talked, the Administration favors conformity with the federal government. They put in a bill that we didn't hear in Finance. Many people around this floor have talked about how important it is to take care of this provision, but we haven't done it.

"So by putting this amendment on the floor, I offer all members of the House a chance to be where your head and heart should be, and that is, supporting a deduction for long-term care that encourages people to buy insurance and helps people with the very difficult problem of long-term care.

"In the first case, to the extent that people buy insurance, they alleviate our general fund of a major problem, which is matching the Medicaid payments by the federal government for long-term care. If we can get more people into the business of buying insurance, we will reduce a hundred-fold the expenses to our general fund in this area. So this is definitely the direction to go. By offering this floor amendment, I enable the House to move in the direction it should be moving.

"Thank you very much, Mr. Speaker."

Representative Say then rose in opposition to the proposed amendment, stating:

"The previous speaker was very sincere in his efforts in trying to see that this particular tax credit be allotted into the Hawaii State Tax Code.

"The problem we have, Mr. Speaker and members of this House, is that the impact of this would be approximately \$11.9 million, which was reflected last year during a hearing that the Finance Committee conducted.

"This year, Mr. Speaker, I do have a letter from the Director of Taxation which reflects that he has lowered the allowance down to about \$8.9 million. In the discussion with the Finance Committee members, Mr. Speaker, this idea was never discussed as far as what impact it would have on the cash balance of the State government. Recognizing that we have made tremendous cuts in State government, I could not see how we could justify incorporating this particular conformity at this particular time.

"Thank you."

Representative Moses then rose to speak in support of the proposed amendment, stating:

"As the Representative from Waikiki pointed out, the federal government has come up with some excellent credits this time around, and that was worked out by a Democrat President and a Republican Congress, and I commend both sides for that. Now what they have done is, they have provided significant benefits for parents with children in the form of tax credits, and I think we should do the same.

"In addition, with the long-term care portion of the amendment, what we find is we're not only providing support for our children and their middle class parents, but also for the elderly. I can't think of anybody else that needs our help more.

"Thank you, Mr. Speaker."

The motion to adopt the amendment was put to vote by the Chair and failed to carry by voice vote. (Representatives Abinsay, Aiona, Chang and Nakasone were excused.)

The motion to pass H.B. No. 2512, HD 1, on Third Reading was put to vote by the Chair and carried, and H.B. No. 2512, HD 1, entitled: "A BILL FOR AN ACT RELATING TO TAXATION," passed Third Reading by a vote of 47 ayes, with Representatives Abinsay, Aiona, Chang and Nakasone being excused.

H.B. No. 3429, HD 1:

On motion by Representative Okamura, seconded by Representative M. Oshiro and carried, H.B. No. 3429, HD 1, entitled: "A BILL FOR AN ACT MAKING AN APPROPRIATION FOR A STATE PAYROLL PILOT PROJECT," passed Third Reading by a vote of 47 ayes, with Representatives Abinsay, Aiona, Chang and Nakasone being excused.

H.B. No. 3453, HD 2:

On motion by Representative Okamura, seconded by Representative M. Oshiro and carried, H.B. No. 3453, HD 2, entitled: "A BILL FOR AN ACT RELATING TO SPECIAL PURPOSE REVENUE BONDS," passed Third Reading by a vote of 47 ayes, with Representatives Abinsay, Aiona, Chang and Nakasone being excused.

The Chair directed the Clerk to note that H.B. Nos. 612, 2666, 2667, 2437, 2512, 3429 and 3453 had passed Third Reading at 4:48 o'clock p.m.

H.B. No. 3004, HD 2:

On motion by Representative Okamura, seconded by Representative M. Oshiro and carried, H.B. No. 3004, HD 2, entitled: "A BILL FOR AN ACT RELATING TO THE MANAGEMENT OF FINANCING AGREEMENTS," passed Third Reading by a vote of 46 ayes, with Representatives Aiona, Case, Morihara, Nakasone and Pendleton being excused.

H.B. No. 2380, HD 1:

On motion by Representative Okamura, seconded by Representative M. Oshiro and carried, H.B. No. 2380, HD 1, entitled: "A BILL FOR AN ACT RELATING TO UNLAWFUL POSTING IN PUBLIC PLACES," passed Third Reading by a vote of 46 ayes, with Representatives Aiona, Case, Morihara, Nakasone and Pendleton being excused.

H.B. No. 2850, HD 1:

On motion by Representative Okamura, seconded by Representative M. Oshiro and carried, H.B. No. 2850, HD 1, entitled: "A BILL FOR AN ACT RELATING TO SMALL ESTATES," passed Third Reading by a vote of 46 ayes, with Representatives Aiona, Case, Morihara, Nakasone and Pendleton being excused.

H.B. No. 2889, HD 1:

On motion by Representative Okamura, seconded by Representative M. Oshiro and carried, H.B. No. 2889, HD 1, entitled: "A BILL FOR AN ACT RELATING TO CONTROLLED SUBSTANCES," passed Third Reading by a vote of 46 ayes, with Representatives Aiona, Case, Morihara, Nakasone and Pendleton being excused.

H.B. No. 2941, HD 1:

On motion by Representative Okamura, seconded by Representative M. Oshiro and carried, H.B. No. 2941, HD 1, entitled: "A BILL FOR AN ACT RELATING TO SENTENCING," passed Third Reading by a vote of 46 ayes, with Representatives Aiona, Case, Morihara, Nakasone and Pendleton being excused.

H.B. No. 2946, HD 1:

On motion by Representative Okamura, seconded by Representative M. Oshiro and carried, H.B. No. 2946, HD 1, entitled: "A BILL FOR AN ACT RELATING TO FAMILY COURT," passed Third Reading by a vote of 46 ayes, with Representatives Aiona, Case, Morihara, Nakasone and Pendleton being excused.

H.B. No. 2600:

On motion by Representative Okamura, seconded by Representative M. Oshiro and carried, H.B. No. 2600, entitled: "A BILL FOR AN ACT RELATING TO THE UNIFORM TRANSFER-ON-DEATH (TOD) SECURITY REGISTRATION ACT," passed Third Reading by a vote of 46 ayes, with Representatives Aiona, Case, Morihara, Nakasone and Pendleton being excused.

The Chair directed the Clerk to note that H.B. Nos. 3004, 2380, 2850, 2889, 2941, 2946 and 2600 had passed Third Reading at 4:49 o'clock p.m.

H.B. No. 2833:

On motion by Representative Okamura, seconded by Representative M. Oshiro and carried, H.B. No. 2833, entitled: "A BILL FOR AN ACT RELATING TO

ISSUANCE OF UTILITY VOTING STOCK," passed Third Reading by a vote of 46 ayes, with Representatives Case, Nakasone, Pendleton, Stegmaier and Suzuki being excused.

H.B. No. 3293, HD 1:

Representative Okamura moved that H.B. No. 3293, HD 1, pass Third Reading, seconded by Representative M. Oshiro.

Representative Ahu Isa rose to speak in strong support of the bill, stating:

"Mr. Speaker, 'disclosure' is the key word here. The prospective buyers should know exactly what is being offered and what its cost is and should know, Mr. Speaker, what they are getting themselves into.

"The prospective buyer must be protected, he or she must be given the opportunity to see all costs that will be incurred in this real estate transaction. And the buyer should not be penalized with retroactive fees and undisclosed taxes. The tourists and residents should be protected at all cost for investing and owning a piece of Hawaii.

"Thank you, Mr. Speaker."

Representative Meyer then rose to speak in support of the bill with some reservations, stating:

"I find myself commenting again and again on how businesses in our State are over-regulated to the extreme, and now we are considering passing a bill that would prevent businesses from doing business.

"When companies provide gift incentives to try to gain potential customers, they are engaging in a common marketing strategy. If these companies are willing to spend their own money on various gift incentives, why should we stop them? Giving away free merchandise or activities is a legitimate business practice. For example, some banks give away merchandise for opening up new accounts, certain grocery stores give away turkeys at Thanksgiving with the idea that you would buy all your groceries there for the holiday meal. This practice is also to the advantage of the customers.

"Let us not pass regulation that gives advantages to one part of the business community while disadvantaging another. All businesses should have the opportunity to participate in fair advertising and marketing methods, and the practice of giving gift incentives is quite fair.

"Thank you, Mr. Speaker."

The motion was put to vote by the Chair and carried, and H.B. No. 3293, HD 1, entitled: "A BILL FOR AN ACT RELATING TO TIME SHARING PLANS," passed Third Reading by a vote of 45 ayes to 1 no, with Representative Whalen voting no, and Representatives Case, Nakasone, Pendleton, Stegmaier and Suzuki being excused.

H.B. No. 3281, HD 1:

Representative Okamura moved that H.B. No. 3281, HD 1, pass Third Reading, seconded by Representative M. Oshiro.

Representative Yoshinaga submitted the following remarks for insertion into the Journal:

"Mr. Speaker, I rise to speak in support of H.B. 3281, HD 1.

"This bill protects honest and conscientious condominium owners by addressing the fee splitting abuse for late maintenance fees by condo management companies which have resulted in increased collection costs to the consumer.

"Condo owners can lose their homes if collection of late fees is not done properly. To prevent this abuse, management companies should not be permitted to do collection of late fees!

"Condo owners are responsible for paying the common area maintenance fees. The non-payment by individual owners affects the entire operation of the association and property values. Prompt payments of the fees are necessary to maintain the entire building including: electricity, water, insurance, taxes, employee salaries, etc. It is not fair to owners who pay their fair share of the fees, to be charged a surcharge to carry the burden for those who do not.

"Management companies typically send out collection letters at the middle of the first, second and third months after the delinquency. By the second month, a late charge is assessed, but no consequences are attached until the third letter. By the third letter, six weeks or more has elapsed. At that point the debt may have gone too far to catch up since the owner would already be in the second month of delinquency. The matter is then turned over to an attorney for legal action. The association retains the attorney and is primarily responsible to pay. The association then collects for these costs from the individual condo owner.

"The incentive to collect lucrative collection fees by condo management companies are creating hardship on individual condo owners. Management companies have a disincentive to collect the fees timely and are allowing the debts to grow out of proportion. Then, they incur costly attorney fees to collect delinquent maintenance fees. Foreclosing on individual condo owners is inevitably self defeating because the association ends up paying for the maintenance and attorney fees when the foreclosure proceeds are insufficient.

"If the matter is allowed to worsen and a foreclosure becomes necessary, the association is again the loser as the IRS, banks, financial institutions, mortgagees, and mechanic lienholders have priority. The proceeds of the foreclosure are usually not enough to cover the maintenance and attorney fees. The association may in the end be stuck with both the delinquent maintenance fees and the attorneys' fees. The current scenario is a lose-lose situation for all parties.

"There needs to be some option available for making the delinquency a priority to the tardy owner. If an owner feels a priority to pay, he will make an attempt to discharge his obligation before he reaches the point where it is overwhelming and he will no longer attempt to pay any of it. There is a need to apply immediate outside pressure to pay when the debt is new and only one month in arrears, instead of letting the debt grow to the point of no return.

"This bill amends HRS section 514A-82 by allowing the board of directors of condo associations to engage the services of a collection agency registered pursuant to Chapter 443B.

"This bill also amends HRS section 514A-95 to prevent managing agents from collecting delinquent maintenance fees.

"A conflict of interest between the condo management companies and the condo associations appears to be the root of the problem resulting in delinquent maintenance fees. Management companies should be collecting normal maintenance fees, but should not be incurring additional charges to delinquencies. There needs to be a review of the condo management practice of splitting late charge fees with associations; and the allocation of legal costs of collection and foreclosure.

"Currently, management companies are splitting late payment fees received with the associations usually on a 50-50 basis. This practice gives the management a built-in conflict as it is not in its interest to collect the maintenance fees in a timely manner. This windfall to the management companies results in additional collection and attorney fees that are then passed on to the associations and ultimately the delinquent homeowner.

"A disinterested outside entity that does not have a built-in conflict of interest needs to oversee the association's monthly collection efforts and pursue the delinquent payments immediately. Currently, the costs of collections and foreclosures can run up to \$4,000 to \$5,000. The independent entity can more effectively manage the collection efforts and more vigorously pursue debtors. The entity would be retained by a number of associations. It would be much more efficient and effective as it would benefit from economy of scale. A neutral management company would also result in the reduction of attorney fees as much of the paralegal work such as sending out reminders and demand letters, would be done at a fraction of what attorneys charge.

"The association and individual owners would also benefit from the timely fee payments by avoiding the collection costs, fee splitting and excess attorney fees incurred. Delinquent owners would be motivated to pay, as it would have a payment plan set up by the independent entity. Giving the association the option of having a separate, independent entity that would oversee the association's monthly collection management, independent of all other aspects of condo-management systems, would be a win-win situation for everyone.

"Mr. Speaker, I would like to urge all my colleagues to pass and adopt H.B. 3281, HD 1."

The motion was put to vote by the Chair and carried, and H.B. No. 3281, HD 1, entitled: "A BILL FOR AN ACT RELATING TO CONDOMINIUMS," passed Third Reading by a vote of 46 ayes, with Representatives Case, Nakasone, Pendleton, Stegmaier and Suzuki being excused.

H.B. No. 3102, HD 1:

On motion by Representative Okamura, seconded by Representative M. Oshiro and carried, H.B. No. 3102, HD 1, entitled: "A BILL FOR AN ACT RELATING TO THE UNIFORM COMMERCIAL CODE," passed Third Reading by a vote of 46 ayes, with Representatives Case, Nakasone, Pendleton, Stegmaier and Suzuki being excused.

H.B. No. 2812, HD 1:

On motion by Representative Okamura, seconded by Representative M. Oshiro and carried, H.B. No. 2812, HD 1, entitled: "A BILL FOR AN ACT RELATING TO TIME SHARE IDENTIFICATION BADGES," passed Third Reading by a vote of 46 ayes, with Representatives Case, Nakasone, Pendleton, Stegmaier and Suzuki being excused.

H.B. No. 2808, HD 1:

On motion by Representative Okamura, seconded by Representative M. Oshiro and carried, H.B. No. 2808, HD 1, entitled: "A BILL FOR AN ACT RELATING TO ESCROW DEPOSITORIES," passed Third Reading by a vote of 46 ayes, with Representatives Case, Nakasone, Pendleton, Stegmaier and Suzuki being excused.

H.B. No. 3290, HD 1:

On motion by Representative Okamura, seconded by Representative M. Oshiro and carried, H.B. No. 3290, HD 1, entitled: "A BILL FOR AN ACT RELATING TO UNFAIR AND DECEPTIVE TRADE PRACTICES," passed Third Reading by a vote of 45 ayes to 1 no, with Representative Whalen voting no, and Representatives Case, Nakasone, Pendleton, Stegmaier and Suzuki being excused.

H.B. No. 2964, HD 1:

On motion by Representative Okamura, seconded by Representative M. Oshiro and carried, H.B. No. 2964, HD 1, entitled: "A BILL FOR AN ACT RELATING TO BOXING," passed Third Reading by a vote of 46 ayes, with Representatives Case, Nakasone, Pendleton, Stegmaier and Suzuki being excused.

The Chair directed the Clerk to note that H.B. Nos. 2833, 3293, 3281, 3102, 2812, 2808, 3290 and 2964 had passed Third Reading at 4:51 o'clock p.m.

H.B. No. 2831, HD 1:

On motion by Representative Okamura, seconded by Representative M. Oshiro and carried, H.B. No. 2831, HD 1, entitled: "A BILL FOR AN ACT RELATING TO THE HAWAII MEDICAL MALPRACTICE UNDERWRITING PLAN," passed Third Reading by a vote of 46 ayes, with Representatives Case, Nakasone, Pendleton, Stegmaier and Suzuki being excused.

H.B. No. 2829, HD 1:

On motion by Representative Okamura, seconded by Representative M. Oshiro and carried, H.B. No. 2829, HD 1, entitled: "A BILL FOR AN ACT RELATING TO CAPTIVE INSURANCE," passed Third Reading by a vote of 46 ayes, with Representatives Case, Nakasone, Pendleton, Stegmaier and Suzuki being excused.

H.B. No. 2678, HD 1:

On motion by Representative Okamura, seconded by Representative M. Oshiro and carried, H.B. No. 2678, HD 1, entitled: "A BILL FOR AN ACT RELATING TO LIQUOR," passed Third Reading by a vote of 46 ayes, with Representatives Case, Nakasone, Pendleton, Stegmaier and Suzuki being excused.

H.B. No. 3393, HD 1:

On motion by Representative Okamura, seconded by Representative M. Oshiro and carried, H.B. No. 3393, HD 1, entitled: "A BILL FOR AN ACT RELATING TO CAPTIVE INSURANCE COMPANIES," passed Third Reading by a vote of 46 ayes, with Representatives Case, Nakasone, Pendleton, Stegmaier and Suzuki being excused.

H.B. No. 3467, HD 1:

On motion by Representative Okamura, seconded by Representative M. Oshiro and carried, H.B. No. 3467, HD 1, entitled: "A BILL FOR AN ACT RELATING TO LIQUOR LICENSES AND PERMITS," passed Third

Reading by a vote of 46 ayes, with Representatives Case, Nakasone, Pendleton, Stegmaier and Suzuki being excused.

H.B. No. 3392, HD 1:

On motion by Representative Okamura, seconded by Representative M. Oshiro and carried, H.B. No. 3392, HD 1, entitled: "A BILL FOR AN ACT RELATING TO CAPTIVE INSURANCE COMPANIES," passed Third Reading by a vote of 46 ayes, with Representatives Case, Nakasone, Pendleton, Stegmaier and Suzuki being excused.

H.B. No. 2458, HD 1:

On motion by Representative Okamura, seconded by Representative M. Oshiro and carried, H.B. No. 2458, HD 1, entitled: "A BILL FOR AN ACT RELATING TO MOTOR VEHICLE INSURANCE," passed Third Reading by a vote of 46 ayes, with Representatives Case, Nakasone, Pendleton, Stegmaier and Suzuki being excused.

H.B. No. 2827, HD 1:

On motion by Representative Okamura, seconded by Representative M. Oshiro and carried, H.B. No. 2827, HD 1, entitled: "A BILL FOR AN ACT RELATING TO INSURANCE," passed Third Reading by a vote of 46 ayes, with Representatives Case, Nakasone, Pendleton, Stegmaier and Suzuki being excused.

The Chair directed the Clerk to note that H.B. Nos. 2831, 2829, 2678, 3393, 3467, 3392, 2458 and 2827 had passed Third Reading at 4:53 o'clock p.m.

H.B. No. 2502, HD 1:

On motion by Representative Okamura, seconded by Representative M. Oshiro and carried, H.B. No. 2502, HD 1, entitled: "A BILL FOR AN ACT RELATING TO CHARITABLE GIFT ANNUITIES," passed Third Reading by a vote of 49 ayes, with Representatives Ito and Jones being excused.

H.B. No. 2331, HD 1:

On motion by Representative Okamura, seconded by Representative M. Oshiro and carried, H.B. No. 2331, HD 1, entitled: "A BILL FOR AN ACT RELATING TO CONDOMINIUM PROPERTY REGIMES," passed Third Reading by a vote of 49 ayes, with Representatives Ito and Jones being excused.

H.B. No. 2825, HD 1:

Representative Okamura moved that H.B. No. 2825, HD 1, pass Third Reading, seconded by Representative M. Oshiro.

Representative Menor submitted the following remarks for insertion into the Journal:

"Mr. Speaker, this bill which is part of the administration package is designed to strengthen the motor vehicle insurance fraud provisions of Act 251 which the Legislature passed last year to implement major reforms to our State's automobile insurance law.

"House Bill 2825, HD 1, contains several provisions that will enhance the ability of our State to 'crack down' on insurance fraud by: increasing criminal penalties for motor vehicle insurance fraud; bringing insurance fraud under the criminal forfeiture law; and providing the fraud unit within the Insurance Division with additional means

to successfully investigate and prosecute insurance fraud offenses.

"Mr. Speaker, the Insurance Commissioner and State Actuary have repeatedly testified that the cost of motor vehicle insurance to Hawaii's consumers can be reduced further in the long run by reducing the tens of millions of dollars which some analysts believe fraud costs Hawaii's consumers every year.

"In this regard, I strongly urge my fellow colleagues to vote in favor of H.B. 2825, HD 1, because it will minimize fraud and allow Hawaii's drivers, many of whom are already seeing their premiums reduced as a result of Act 251, to realize even greater savings in the long term.

"Thank you."

The motion was put to vote by the Chair and carried, and H.B. No. 2825, HD 1, entitled: "A BILL FOR AN ACT RELATING TO INSURANCE FRAUD," passed Third Reading by a vote of 49 ayes, with Representatives Ito and Jones being excused.

H.B. No. 3389, HD 1:

Representative Okamura moved that H.B. No. 3389, HD 1, pass Third Reading, seconded by Representative M. Oshiro.

Representative Pendleton rose to speak against the bill, stating:

"I'm rising in opposition to this bill because what this bill requires is that every insurer writing direct business shall establish and maintain a complete claims service office or engage in independent adjusting service as its claims agent in the State.

"The reason why I'm opposing this bill is because I believe that what we want to do is allow for freedom of contract. There are some people, Mr. Speaker, who don't want to have to deal with someone local, who like being able to deal with someone over the phone, and that's how they conduct their business. And, Mr. Speaker, some people like being able to get the best prices and sometimes that means dealing with an insurer who just has people on the Mainland and maybe they know that there is no one here local in Honolulu but they want to save money so they want to make that choice a cheaper insurer, someone who doesn't have any special service office here locally.

"We are, by passing this bill, preventing someone from having that option. Now, personally, Mr. Speaker, I like having someone local. If they don't understand me with phone, I can drive up to their Bishop Street office and make things clear to them. But there may be people out there where saving money on their premiums is the bottom line, and perhaps they had a wonderful relationship with a company that has no one here locally. We shouldn't remove that option from our local residents. If we want to force companies to disclose by saying: by the way, we don't have anyone working here, that's why you have to call Indianapolis, hey, that's fine. I'm all for consumers being fully aware of their choices and their options in this situation.

"But this removes the option of someone looking for an outfit that may be offering a less expensive product because they don't have any local service claims office. And again, because it limits the options of insurers here in Hawaii, I oppose this particular measure.

"Thank you, Mr. Speaker."

The motion was put to vote by the Chair and carried, and H.B. No. 3389, HD 1, entitled: "A BILL FOR AN ACT RELATING TO INSURERS," passed Third Reading by a vote of 47 ayes to 2 noes, with Representatives Pendleton and Whalen voting no, and Representatives Ito and Jones being excused.

H.B. No. 2423, HD 1:

Representative Okamura moved that H.B. No. 2423, HD 1, pass Third Reading, seconded by Representative M. Oshiro.

Representative Thielen rose to speak against the bill, stating:

"This bill will provide immunity for insurance agents. It really is a special interest bill, Mr. Speaker. I know that we had another bill -- the Stop Lingle bill -- which I am not talking about now so you don't need to call me out of order. But this almost is. . . I guess the Vice Chair of the Judiciary Committee's special interest bill here.

"I think it's really a questionable bill. It will provide temporary tort immunity for insurance agents and a few others when they issue policies to policyholders. In other words, it's saying: hey, guys, if you can't understand the policy yourselves and you go ahead and sell a policy to a consumer, we're not going to let that consumer hold you liable for misrepresenting what the policy will actually cover.

"Well, guess who's in support of this bill? The Hawaii Independent Insurance Agents, State Farm Insurance -- that shouldn't surprise you -- and the Hawaii Insurers' Council. The opponents are the ones that represent the consumers that get the shaft when a policy is not explained to them carefully by the insurance agent.

"I don't think we should go forward with this bill, Mr. Speaker. I can't think of any other profession that we'll call and say: we're going to provide immunity to you for not doing your job properly. I'm sure others are thinking about that and I just couldn't come up with another profession. We don't do it for physicians, we don't do it for people that make food and sell to us. I can't think of anyone else we do, but either we think insurance agents are stupid and can't understand the policy so they can't explain it to the consumers, or we're passing special interest legislation. I think it's the latter, Mr. Speaker, and I don't think this bill should move forward. And now I'll sit down and get hit, I'm sure by the proponents of this bill."

Representative Yamane rose to speak in support of the bill, stating:

"The opponents are the consumer lawyers of Hawaii -- the plaintiff attorneys of Hawaii of which I believe the former speaker is a member of.

"Mr. Speaker, I authored the bill, it's a special interest bill. I agree it's a special interest bill.

"The bill stands for giving insurance agents -- general agents, subagents, solicitors -- immunity for two years, not forever, for two years. And it is for new and renewal auto policies -- not fire policies, not liability policies -- auto policies.

"The reason for the bill, Mr. Speaker, and for those of you who are willing to listen and read the reports correctly, is that this body, last year, passed a momentous automobile liability policy change in law. It became effective on January 1st of this year, the current session.

By the end of this session, we will have more changes in the current auto law. There's an automobile task force that is meeting right now to bring changes to the 1999 Legislature so that you can expect more changes from the 1999 legislative session in the automobile law.

"The concern is that many of the agents out there have to deal with different companies. They cannot turn down clients. We cannot turn down somebody that walks in the door. They are subject to complaint if they turn down a person that walks in the door and asks them to write their automobile coverage.

"I don't think there's any other profession that does that. I don't know if attorneys can turn down clients. The Legislature before my time in 1992 made some changes allowing carriers to turn away applicants. They didn't make that for agents. Agents are responsible for finding the coverage for people that walk in the door. They are supposed to have access to all areas of the marketing, including the joint underwriting services, as the insurer of last resort.

"Now I don't know if many of you have looked at your automobile policy renewals, but different companies renew applications ranging in size from one page to eighteen pages long. Now I'm sure that, in fact I'm positive, most agents would like to do the best they possibly can for their clients. That's why they keep them out of service. The problems nowadays are that the carriers can't even get out the renewal rates in time so that the agents can compute what the premiums are going to be for their insureds at renewal date. And yet, by the Legislature with last year's law unbundling the services, making it a requirement that the agents have to explain each and every service, each and every different type of coverage to their clients for each and every different company, it makes it very difficult when you can't even come up with the rates for those coverages.

"If you look at some of the corrections we are doing this year for the auto law, it's also putting into statute that work loss, which was one of the unbundled coverages, is now in statute for two years. And the law that was passed last year, in oversight, wasn't real clear. Some carriers could have said wage loss could have been to age 65, even though the prior practice was two years.

"So what I am asking, members, is to be fair to those that cannot turn away someone that walks in the door. Allow them the time to learn about the new laws and new changes that will be coming down the pipe, and if I have one change that I would like to see in the bill, it would be to have an amendment, say from June 1998 to June 2000, to give the agents enough time to learn the new laws, the changes from this year, this session and next session.

"Thank you, Mr. Speaker."

Representative Pendleton then rose to speak against the bill, stating:

"Mr. Speaker, House Bill 2423 would provide immunity -- civil immunity -- to insurance agents. And perhaps before I continue in my remarks in opposition, I should declare a potential conflict. My wife sells insurance." (The Chair ruled "no conflict.")

"This bill would extend civil immunity to people in the insurance industry -- insurance agents, subagents, et cetera, the list is there in the bill.

"Simple negligence is what this bill relates to, and I think if we look at this bill in its totality, what we are doing with this bill is basically giving the State sanction to malpractice to a specific group of people who work in

our State. I have no hard feelings against people who sell insurance or involved in the insurance industry obviously. I have an insurance agent, I think all of my agents do a good, sincere, hardworking job, the insurance agents in Hawaii work hard. But I have talked to them and I haven't met anyone who says: you know, I'm holding myself out as a professional, I'm accepting remuneration, compensation, in exchange for some expertise, but I'm so lousy at what I do, I need to be protected from committing malpractice. I've never ever met a single insurance agent in the State who would say that.

"But here we are, Mr. Speaker, we claim that because the Legislature has recently modified this law, and granted it's very complex, because we've made their job a little bit harder because the law is complex, we ought to give them a break, and let them make mistakes without having to be accountable, or held accountable for their mistakes.

"You know, Mr. Speaker, I would suggest that brain surgery, practicing law, being a banker, maybe even a legislator, is a pretty darn complicated job, and I certainly hope we wouldn't go down the path of giving civil immunity for malpractice to all the various professions because their jobs are difficult to perform. These people are people who chose these professions. No one has forced anybody to be an insurance agent. No one has forced them to go out and tell people: I'm a professional, give me some money, but if I make a mistake and cause you harm, you can't hold me accountable.

"This bill is really a State-sanctioned malpractice. Some people look at the provision that says: there is an exclusion for gross negligence so we ought to feel more comfortable with this bill. But, Mr. Speaker, we need to make a difference or we need to make clear the distinction between simple and gross negligence on the one hand and damages on the other. Let me try to explain.

"Simple negligence means that you simply acted below the standard of care that a reasonable person in that profession would follow. So let's say the insurance agents say you need to do XYZ. They set their own professions, they say anybody in our profession should follow this standard XYZ. But some guy does ABC instead which falls below the pattern. They themselves would say that this particular agent has committed malpractice according to the standards set by their own profession. These are not standards foisted on them by someone else. The profession itself sets their own standards of their profession. Now, simple negligence is when you fall below the standard of care that you're supposed to follow.

"Gross negligence is where you act grossly negligent, where you fall far below the standard of where you should be.

"Now, I agree with this bill. At the very least we shouldn't give civil immunity to gross negligence, but we need to remember that simple negligence can result in massive damages. For example, let's say someone is an insurance agent for an elderly woman. Here's your million dollar life insurance but the insurance messes up -- commits simple negligence. But that woman is out of a million dollars.

"Now, a second scenario. A person messes up really bad. The insurance agent gives all kinds of outrageous things -- gross negligence -- but the insurance policy was only a small little property damage \$30,000 policy. In that case, gross negligence would have resulted in only \$30,000 but in the prior scenario, simple negligence would have resulted in a million dollar worth of damages. So again, just because we're excluding gross negligence

doesn't mean that we're protecting Hawaii's people from being severely damaged by their insurance agents.

"And again, of course, we're talking about contract situations, and I will tell you about personal injuries here, but nonetheless people are encouraging damages and we're allowing insurance agents to carry themselves as professionals, to get away with negligence and not to be held accountable. That, to me, seems at odds with. . .

At this point, Representative Aiona rose and yielded his time to Representative Pendleton.

Representative Pendleton thanked the Chair and continued, saying:

"That, to me, seems at odds with the current atmosphere of holding people accountable, personal responsibility, making people accountable for their actions. This law seems to cut across that.

"I agree that we need to be fair, as Representative Yamane has said, to insurance agents, but again they don't want the worst in their bunch to start making some big mistakes and gets all over the headlines and it makes them all look bad. They have a vested interest in making sure that those who cannot practice to the level that their own profession demands, don't practice at all. And I think that this doesn't really do any favors to insurance agents. It actually allows incompetent agents to remain within the ranks and to thereby tarnish all the rest of the fine insurance agents out there.

"So for the foregoing reasons, Mr. Speaker, I'm voting no on this particular measure.

"Thank you."

Representative Thielen then rose and stated:

"I would just like to remind the Vice Chair of Judiciary what I have told him on numerous occasions. I don't belong to the Consumer Lawyers of Hawaii and I don't do tort litigation. I'm a land use lawyer.

"The other thing I'd like to say. We make all the major amendments to laws. We make major amendments, for example to the tax codes. Do we give immunity to the CPAs? No. They're professionals, we expect them to do their job. This is simply a special interest bill designed to help a few special interest people and not asked for by the insurance agents as a group.

"Thank you, Mr. Speaker."

Representative Yamane then rose and stated:

"Just a correction, Mr. Speaker. The former speaker is a plaintiff attorney and that is what I call her.

"Thank you."

Representative Halford then rose to speak against the bill, stating:

"I'm not on the subject matter committee that brought this bill to the table to us today so I guess I'm not as up to speed as I might otherwise be. But I am voting no on this because it is my observation that people in the insurance business, since my experience, do operate by the highest standards and have their own rules among themselves about keeping standards to the highest possible levels to encourage trust within the community and other good things.

"This bill, it seems to me, is leaving an opening at the bottom of the barrel for unfortunate practices to enter into the industry that we are not seeing now.

"Thank you."

Representative Meyer submitted the following remarks for insertion into the Journal:

"I would like to speak in opposition to H.B. 2423, HD 1. House Bill 2423 is a flagrant special interest bill. Motor vehicle insurance agents should be subject to the same liability laws that other professionals are subject to.

"Insurance agents should be capable of explaining to policyholders what their policies consist of. If the policyholders are given a clearly written explanation of their personal policy, which they must sign, there should be no issues of liability. The only agents who would need such special protection would be those who are not forthright, honest, and clear about what policyholders are buying. We do live in an age of liability and insurance agents are not exempt from it, but this special interest bill is not necessary nor is it prudent."

The motion was put to vote by the Chair and carried, and H.B. No. 2423, HD 1, entitled: "A BILL FOR AN ACT RELATING TO MOTOR VEHICLE INSURANCE," passed Third Reading by a vote of 38 ayes to 11 noes, with Representatives Case, Halford, Meyer, Morita, Pendleton, Santiago, Stegmaier, Takumi, Thielen, Whalen and Yoshinaga voting no, and Representatives Ito and Jones being excused.

H.B. No. 3181, HD 1:

On motion by Representative Okamura, seconded by Representative M. Oshiro and carried, H.B. No. 3181, HD 1, entitled: "A BILL FOR AN ACT RELATING TO LIQUOR CONTROL ADJUDICATION BOARD," passed Third Reading by a vote of 49 ayes, with Representatives Ito and Jones being excused.

H.B. No. 2669, HD 1:

Representative Okamura moved that H.B. No. 2669, HD 1, pass Third Reading, seconded by Representative M. Oshiro.

Representative Case submitted the following remarks for insertion into the Journal:

"Mr. Speaker, I rise in support of this measure.

"Property crime remains a primary public safety concern. The criminal's intent is usually to convert stolen property to cash as soon as possible. Pawnbrokers and secondhand dealers can be major avenues for conversion.

"Last year we passed H.B. 65, enacted as Act 121, to require thumbprints for customers of pawnshops. By the pawnbrokers' own testimony, that single reform has had a dramatic positive impact. The House also passed a bill, H.B. 1049, to increase the required holding period by pawnbrokers for merchandise before it can be melted down or sold; that bill remains in conference and I am hopeful that it will be enacted this year.

"This bill follows on those efforts, primarily by applying the same thumbprint and holding period standards to secondhand dealers as apply or would apply to pawnbrokers. It is strongly supported as an anti-crime measure by law enforcement, neighborhoods especially prone to property crime, and most of the industry itself, and I urge its passage.

"Thank you."

The motion was put to vote by the Chair and carried, and H.B. No. 2669, HD 1, entitled: "A BILL FOR AN ACT RELATING TO PAWNBROKERS AND SECONDHAND DEALERS," passed Third Reading by a vote of 49 ayes, with Representatives Ito and Jones being excused.

H.B. No. 2821, HD 1:

On motion by Representative Okamura, seconded by Representative M. Oshiro and carried, H.B. No. 2821, HD 1, entitled: "A BILL FOR AN ACT RELATING TO INVESTIGATIVE SUBPOENAS," passed Third Reading by a vote of 49 ayes, with Representatives Ito and Jones being excused.

The Chair directed the Clerk to note that H.B. Nos. 2502, 2331, 2825, 3389, 2423, 3181, 2669 and 2821 had passed Third Reading at 5:12 o'clock p.m.

H.B. No. 2809:

On motion by Representative Okamura, seconded by Representative M. Oshiro and carried, H.B. No. 2809, entitled: "A BILL FOR AN ACT RELATING TO THE CODE OF FINANCIAL INSTITUTIONS," passed Third Reading by a vote of 49 ayes, with Representatives Ito and Jones being excused.

H.B. No. 3045, HD 1:

On motion by Representative Okamura, seconded by Representative M. Oshiro and carried, H.B. No. 3045, HD 1, entitled: "A BILL FOR AN ACT RELATING TO THE GENERAL EXCISE TAX EXEMPTION FOR AIRCRAFT SERVICE AND MAINTENANCE FACILITIES," passed Third Reading by a vote of 49 ayes, with Representatives Ito and Jones being excused.

H.B. No. 2785:

On motion by Representative Okamura, seconded by Representative M. Oshiro and carried, H.B. No. 2785, entitled: "A BILL FOR AN ACT RELATING TO ROBBERY IN THE FIRST DEGREE," passed Third Reading by a vote of 49 ayes, with Representatives Ito and Jones being excused.

H.B. No. 3192, HD 1:

On motion by Representative Okamura, seconded by Representative M. Oshiro and carried, H.B. No. 3192, HD 1, entitled: "A BILL FOR AN ACT RELATING TO SUPPORT ENFORCEMENT," passed Third Reading by a vote of 49 ayes, with Representatives Ito and Jones being excused.

H.B. No. 2921, HD 1:

On motion by Representative Okamura, seconded by Representative M. Oshiro and carried, H.B. No. 2921, HD 1, entitled: "A BILL FOR AN ACT RELATING TO THE PENAL CODE," passed Third Reading by a vote of 49 ayes, with Representatives Ito and Jones being excused.

H.B. No. 2935:

On motion by Representative Okamura, seconded by Representative M. Oshiro and carried, H.B. No. 2935, entitled: "A BILL FOR AN ACT RELATING TO SENTENCING," passed Third Reading by a vote of 49 ayes, with Representatives Ito and Jones being excused.

H.B. No. 2776, HD 1:

On motion by Representative Okamura, seconded by Representative M. Oshiro and carried, H.B. No. 2776, HD 1, entitled: "A BILL FOR AN ACT RELATING TO RESTITUTION," passed Third Reading by a vote of 49 ayes, with Representatives Ito and Jones being excused.

The Chair directed the Clerk to note that H.B. Nos. 2809, 3045, 2785, 3192, 2921, 2935 and 2776 had passed Third Reading at 5:13 o'clock p.m.

H.B. No. 3553:

On motion by Representative Okamura, seconded by Representative M. Oshiro and carried, H.B. No. 3553, entitled: "A BILL FOR AN ACT RELATING TO FORFEITURE," passed Third Reading by a vote of 43 ayes, with Representatives Ahu Isa, Cachola, Herkes, Hiraki, Ito, Jones, Suzuki and Takai being excused.

H.B. No. 2354, HD 1:

Representative Okamura moved that H.B. No. 2354, HD 1, pass Third Reading, seconded by Representative M. Oshiro.

Representative Kawanakoa then rose to speak in favor of the bill with reservations, stating:

"I am going to raise my same issues and concerns I raised on Second Reading. I see that we haven't changed the bill to those recommendations. I hope the Senate may see in its wisdom to otherwise recognize the difficulty in perhaps sentencing a sexually violent predator to a life sentence under the current drafting of the current bill.

"Thank you, Mr. Speaker."

Representative Pendleton then rose to speak in support of the bill, stating:

"Mr. Speaker, the Judiciary Committee, in dealing with this particular bill, struggled with the fact that we have people presently in our prisons who are not taking advantage of the kind of rehabilitative services and programs and therapy provided there. It appears that they are going to be part of the statistics of recidivism that we see.

"The concern of this bill, at least in the original bill, was to try to use a civil commitment procedure similar to or to the one used by some other states, for example Kansas. In order to keep these people who have chosen to engage in this kind of unlawful behavior -- the sexually violent predators -- they have chosen this lifestyle. We were hoping to be able to keep them away from the public. The cost was a major issue and so the Judiciary Committee decided to go with this particular bill.

"The concern I raise at this time, and again if there is rise to the level of voting with reservations, I am voting in full support, but I want the record to be absolutely clear so that maybe we can either work something out with the Senate or next year, straight away take care of this problem.

"If you look at page 4, Section 3, it reads: 'This Act does not affect rights and duties that matured, penalties that were incurred, and proceedings that were begun, before its effective date.'

"Obviously, Section 4 reads: 'This Act shall take effect upon its approval.'

"In other words, Mr. Speaker, the only way this particular law, as good as it is, would apply to the people who we are currently concerned about who are in prison, upon release, those prisoners commit the same acts that they were put in there for, are apprehended, tried, convicted and then this law would apply. That's the only way this law would apply to them. That is the concern that I have. I think that's the concern that many people in the Judiciary Committee have.

"We would have liked to have gone with a civil commitment procedure like some other states do, but again the price tag is something that concerns us. But I am hoping that, given this record, the Senate and maybe the House can work something out, or that the first thing next session we can do something, because this bill still doesn't address the fact that we have people who will soon be released and who we know are going to commit these same violent crimes, and we don't want to have to wait to convict them again for this law to apply, Mr. Speaker. We want to be able to take care of them now not just for us, but for Hawaii's keikis. So those are some of my concerns.

"Thank you, Mr. Speaker."

Representative Garcia then rose to speak in support of the bill, stating:

"Mr. Speaker, I concur with the remarks by the former speaker. With respect to those who are already in our system and what do we plan to do with them because a number of them will be released after they have served their time in prison in the next few years, the concern and the reason why the Committees proposed the bill as it reads before us now is, one of the reasons was that the State Hospital is unable to deal with these people because of the fact there simply is no space to deal with the people of this nature out at the hospital. And there is a prohibitive cost involved, something in the order of \$175,000 a year to house someone at the hospital.

"Mr. Speaker, your Chairman of the Public Safety Committee will be paying a visit to the hospital tomorrow. This will be the first step in what I hope will be an attempt by your Committee to try and deal with this problem at the hospital, as far as trying to see whether the institution in the future will be able to make the time and the space available to deal not just with people of this nature as the bill addresses, but others that would be charged to the hospital's care.

"Mr. Speaker, the proposal that I am currently researching is somewhat controversial. It is a practice, as I understand, already done in a couple of states and if your Committee is ready to present its proposal, probably in the next session, should my constituents see that I get re-elected, is something that I know will be drawing a lot of controversy. But I'm cognizant of the concerns, once again by the previous speaker, and I will be looking forward to working with the Judiciary Chairman and the members of this House to see to it that we deal with the problem of those who will be soon released onto our streets and perhaps a proposal that I am contemplating might be something in the order of dealing with that situation.

"Thank you, Mr. Speaker."

Representative Kawanakoa submitted the following remarks for insertion into the Journal:

"Mr. Speaker, I rise to speak in support of H.B. 2354, HD 1. We are taking a very important step toward protecting the people of Hawaii by allowing judges to sentence sexually violent predators to life in prison.

"Extremely high recidivism rates and ineffective long-term counseling of sex offenders make this measure a necessary response to this destructive class of criminals.

"The law, as it exists now, allows repeat sex offenders to refuse treatment while they wait to 'max out' their limited sentences. This has the practical effect of releasing criminals who will almost certainly strike again.

"Some categories of sex offenders, such as pedophiles, are unamenable to available treatment modalities and will re-offend despite the best efforts of the system. The only way to protect our keiki from these criminals is to assure that they remain behind bars forever.

"Unfortunately, one provision of HD 1 could undermine the good intentions of this legislation. I have concerns that the language on page 2, lines 15-17, which requires that the prosecution show 'a significant history' of violent sex offenses before a judge can declare someone a sexually violent predator. Many dangerous sex offenders have managed to avoid detection and capture in the past, but are nonetheless sexually violent predators deserving of life imprisonment."

The motion was put to vote by the Chair and carried, and H.B. No. 2354, HD 1, entitled: "A BILL FOR AN ACT RELATING TO SEXUALLY VIOLENT PREDATORS," passed Third Reading by a vote of 43 ayes, with Representatives Ahu Isa, Cachola, Herkes, Hiraki, Ito, Jones, Suzuki and Takai being excused.

H.B. No. 2749, HD 1:

Representative Okamura moved that H.B. No. 2749, HD 1, pass Third Reading, seconded by Representative M. Oshiro.

Representative Marumoto rose to speak in favor of the bill, stating:

"I just hope that when this bill finally passes final vote at the end of session, that the blanks will be filled in with one-half percent

"I am in favor of all commission salespersons getting taxed at one-half percent on all their commission income, not just travel agents but realtors also, taxi drivers, vacuum cleaner salesmen, car salesmen -- all sales representatives. I think with a lower taxation, it would be a good boost to our economy.

"Thank you."

The motion was put to vote by the Chair and carried, and H.B. No. 2749, HD 1, entitled: "A BILL FOR AN ACT RELATING TO TAXATION," passed Third Reading by a vote of 43 ayes, with Representatives Ahu Isa, Cachola, Herkes, Hiraki, Ito, Jones, Suzuki and Takai being excused.

H.B. No. 2828:

On motion by Representative Okamura, seconded by Representative M. Oshiro and carried, H.B. No. 2828, entitled: "A BILL FOR AN ACT RELATING TO INSURANCE," passed Third Reading by a vote of 43 ayes, with Representatives Ahu Isa, Cachola, Herkes, Hiraki, Ito, Jones, Suzuki and Takai being excused.

H.B. No. 2810, HD 1:

On motion by Representative Okamura, seconded by Representative M. Oshiro and carried, H.B. No. 2810, HD 1, entitled: "A BILL FOR AN ACT RELATING TO

THE CODE OF FINANCIAL INSTITUTIONS," passed Third Reading by a vote of 43 ayes, with Representatives Ahu Isa, Cachola, Herkes, Hiraki, Ito, Jones, Suzuki and Takai being excused.

H.B. No. 2811, HD 1:

On motion by Representative Okamura, seconded by Representative M. Oshiro and carried, H.B. No. 2811, HD 1, entitled: "A BILL FOR AN ACT RELATING TO LEMON LAW DISCLOSURE COMPLIANCE," passed Third Reading by a vote of 43 ayes, with Representatives Ahu Isa, Cachola, Herkes, Hiraki, Ito, Jones, Suzuki and Takai being excused.

H.B. No. 2672, HD 1:

On motion by Representative Okamura, seconded by Representative M. Oshiro and carried, H.B. No. 2672, HD 1, entitled: "A BILL FOR AN ACT RELATING TO CAPTIVE INSURANCE COMPANIES," passed Third Reading by a vote of 43 ayes, with Representatives Ahu Isa, Cachola, Herkes, Hiraki, Ito, Jones, Suzuki and Takai being excused.

The Chair directed the Clerk to note that H.B. Nos. 3553, 2354, 2749, 2828, 2810, 2811 and 2672 had passed Third Reading at 5:21 o'clock p.m.

H.B. No. 2822, HD 1:

On motion by Representative Okamura, seconded by Representative M. Oshiro and carried, H.B. No. 2822, HD 1, entitled: "A BILL FOR AN ACT RELATING TO MOTOR VEHICLE LEASE DISCLOSURE," passed Third Reading by a vote of 44 ayes, with Representatives Ahu Isa, Cachola, Herkes, Hiraki, Ito, Jones and Takai being excused.

H.B. No. 2818, HD 1:

On motion by Representative Okamura, seconded by Representative M. Oshiro and carried, H.B. No. 2818, HD 1, entitled: "A BILL FOR AN ACT RELATING TO MOTOR VEHICLE REPAIRS," passed Third Reading by a vote of 44 ayes, with Representatives Ahu Isa, Cachola, Herkes, Hiraki, Ito, Jones and Takai being excused.

H.B. No. 3147:

On motion by Representative Okamura, seconded by Representative M. Oshiro and carried, H.B. No. 3147, entitled: "A BILL FOR AN ACT RELATING TO APPEALS FROM THE PUBLIC UTILITIES COMMISSION," passed Third Reading by a vote of 44 ayes, with Representatives Ahu Isa, Cachola, Herkes, Hiraki, Ito, Jones and Takai being excused.

H.B. No. 2813, HD 1:

On motion by Representative Okamura, seconded by Representative M. Oshiro and carried, H.B. No. 2813, HD 1, entitled: "A BILL FOR AN ACT RELATING TO ADMINISTRATIVE CITATIONS FOR VIOLATIONS OF THE PROFESSIONAL AND VOCATIONAL LICENSING LAWS," passed Third Reading by a vote of 44 ayes, with Representatives Ahu Isa, Cachola, Herkes, Hiraki, Ito, Jones and Takai being excused.

H.B. No. 3138, HD 1:

On motion by Representative Okamura, seconded by Representative M. Oshiro and carried, H.B. No. 3138, HD 1, entitled: "A BILL FOR AN ACT RELATING TO THE COUNTIES," passed Third Reading by a vote of 44

ayes, with Representatives Ahu Isa, Cachola, Herkes, Hiraki, Ito, Jones and Takai being excused.

H.B. No. 735, HD 1:

Representative Okamura moved that H.B. No. 735, HD 1, pass Third Reading, seconded by Representative M. Oshiro.

Representative Morita rose and stated:

"Mr. Speaker, on House Bill 735, I have reservations regarding that bill.

"I rise with reservations on this bill. I specifically object to describing pig hunting as cultural and traditional practice. I agree it can be described as recreational or even for subsistence practices, but not cultural and traditional.

"Thank you."

Representative Morihara then rose and asked the Clerk to record an aye with reservations, and the Chair "so ordered."

Representative Case submitted the following remarks for insertion into the Journal:

"Mr. Speaker, I rise in opposition to this measure for two reasons.

"First, the committee report to the contrary notwithstanding, this bill comes dangerously close to statutorily conferring PASH rights status on pig hunting. I incorporate the previously stated concerns of the Representative from the 12th District (East Maui-North Kona) on this point, and add that statutorily endorsing such rights for any practice is bad public policy. Second, I suspect that the goal and net impact of this bill on the Department of Land and Natural Resources is to limit, not enhance, DLNR's ability to control feral pigs, which, in virtually every circumstance, have been demonstrated to be harmful to our native habitat.

"Thank you."

The motion was put to vote by the Chair and carried, and H.B. No. 735, HD 1, entitled: "A BILL FOR AN ACT RELATING TO GAME MAMMALS," passed Third Reading by a vote of 42 ayes to 2 noes, with Representatives Case and Thielen voting no, and Representatives Ahu Isa, Cachola, Herkes, Hiraki, Ito, Jones and Takai being excused.

H.B. No. 3427:

On motion by Representative Okamura, seconded by Representative M. Oshiro and carried, H.B. No. 3427, entitled: "A BILL FOR AN ACT RELATING TO RISK RETENTION," passed Third Reading by a vote of 44 ayes, with Representatives Ahu Isa, Cachola, Herkes, Hiraki, Ito, Jones and Takai being excused.

The Chair directed the Clerk to note that H.B. Nos. 2822, 2818, 3147, 2813, 3138, 735 and 3427 had passed Third Reading at 5:23 o'clock p.m.

H.B. No. 3167, HD 1:

On motion by Representative Okamura, seconded by Representative M. Oshiro and carried, H.B. No. 3167, HD 1, entitled: "A BILL FOR AN ACT RELATING TO EDUCATION," passed Third Reading by a vote of 47 ayes, with Representatives Cachola, Jones, Nakasone and Takai being excused.

H.B. No. 3548, HD 1:

On motion by Representative Okamura, seconded by Representative M. Oshiro and carried, H.B. No. 3548, HD 1, entitled: "A BILL FOR AN ACT RELATING TO PAWNBROKERS," passed Third Reading by a vote of 47 ayes, with Representatives Cachola, Jones, Nakasone and Takai being excused.

H.B. No. 2369, HD 1:

Representative Okamura moved that H.B. No. 2369, HD 1, pass Third Reading, seconded by Representative M. Oshiro.

Representative Fox rose to speak in favor of the bill, stating:

"This is an adjustment that allows condominiums a limited access on sales of Condominium Associations, limited access on liens against property of condominiums which are sold in foreclosure and have not paid their dues. It's very much welcomed by the Condominium Associations and is a good step forward.

"Thank you, Mr. Speaker."

The motion was put to vote by the Chair and carried, and H.B. No. 2369, HD 1, entitled: "A BILL FOR AN ACT RELATING TO CONDOMINIUMS," passed Third Reading by a vote of 47 ayes, with Representatives Cachola, Jones, Nakasone and Takai being excused.

H.B. No. 3568, HD 1:

On motion by Representative Okamura, seconded by Representative M. Oshiro and carried, H.B. No. 3568, HD 1, entitled: "A BILL FOR AN ACT RELATING TO FRAUDULENT USE OF CREDIT CARD," passed Third Reading by a vote of 47 ayes, with Representatives Cachola, Jones, Nakasone and Takai being excused.

H.B. No. 2942:

On motion by Representative Okamura, seconded by Representative M. Oshiro and carried, H.B. No. 2942, entitled: "A BILL FOR AN ACT RELATING TO OFFENSES AGAINST PROPERTY RIGHTS," passed Third Reading by a vote of 47 ayes, with Representatives Cachola, Jones, Nakasone and Takai being excused.

H.B. No. 1595, HD 1:

Representative Okamura moved that H.B. No. 1595, HD 1, pass Third Reading, seconded by Representative M. Oshiro.

Representative Pendleton rose to speak in favor of the bill, stating:

"Mr. Speaker, we all know that violent perpetrators against women and sexual assault is something that has plagued humankind since its inception. We know that we can never rid society of these kinds of heinous crimes no matter how hard we try, but we have to keep trying because that is our constitutional responsibility.

"This particular bill, Mr. Speaker, House Bill 1595, helps in this overall situation in a couple of ways. First of all, it permits victims of sexual assaults to require the person charged with assaulting them, to submit to an HIV test and to obtain the results of this test.

"Secondly, it provides specific procedure and protocols for this HIV testing, including counseling to the victim.

These are two very, very important things. While with our criminal code we are trying to address the factors which make these crimes possible, which afford criminals these kinds of opportunities to commit these crimes, at least this bill addresses the situation afterwards. Immediate care, Mr. Speaker, we know is something that is absolutely critical in taking care of women who are victims of sexual assault -- immediate medical care and counseling. This bill would allow them the opportunity to be able to tell their doctor whether or not it would give the physician the information he or she needs as to whether they need to take measures, given that the perpetrator was HIV positive.

"Also, it gives some psychological comfort, as it were, to the victim, to the woman who has been so brutally attacked. During the attack, obviously she has had little control over her body and the decisions she makes. But at least with this bill she can make the decision, it's in her discretion whether or not to have this perpetrator tested. And I think it gives her the comfort of knowing that she has some control over her life after this difficult situation. And so I am glad that we are passing this bill.

"There is also one other added benefit, Mr. Speaker. The enactment of this particular bill will enable us to draw on federal funding to the State. Again, in these difficult financial times, I don't want to minimize the benefits of being able to draw on federal funds to take on the task that we need to take on, but I think those three reasons are very good ones, and I am glad to be seeing this bill move forward and I am happy to strongly support it.

"Thank you."

The motion was put to vote by the Chair and carried, and H.B. No. 1595, HD 1, entitled: "A BILL FOR AN ACT RELATING TO VICTIMS OF SEXUAL ASSAULT," passed Third Reading by a vote of 47 ayes, with Representatives Cachola, Jones, Nakasone and Takai being excused.

H.B. No. 2693, HD 1:

Representative Okamura moved that H.B. No. 2693, HD 1, pass Third Reading, seconded by Representative M. Oshiro.

Representative Kahikina rose to speak in support of the bill, stating:

"The purpose of this bill is to empower the State Student Council by authorizing it, rather than the Student Conference Committee, to determine the format of the annual conference of secondary school students.

"Mr. Speaker, I know that we are all not confused in this body, but we want to move very carefully.

"Mr. Speaker, in HRS 296, Section 2, the Board shall have power in accordance with the law to formulate policy and to exercise control over the public school system through its Executive officer, the Superintendent of Education.

"You would think that an elected Board would have the power to empower State students, Mr. Speaker, and that's why every one of these bills I am alluding to or educating this body, that an elected Board of Education has this privy. So, Mr. Speaker, if I am wrong, then call me out of order.

"Thank you."

Representative Takai submitted the following remarks for insertion into the Journal:

"Mr. Speaker, I wish to speak in support of this measure.

"I introduced this bill in hopes of creating a stronger Hawaii State Student Council.

"For many years, the Hawaii State Student Council has been the governing body for all students throughout Hawaii. Although this has been the case, the State Student Council was not charged with coordinating the State Student Conference.

"According to State law, the Student Conference Committee was charged with the planning and coordination of 'all phases of the annual conference'. This being the case, I have seen (seven when I was in high school a few years ago) some confusion about the roles and responsibilities of the State Student Council and the State Student Conference Committee.

"The members of the State Student Council are selected by their peers and are regarded by members of the Legislature and of the Board of Education as the representatives of the students. The members of the Student Conference Committee (otherwise known as the planners) have been regular participants at the Legislature and the BOE on topics that were voted on at the State Student Conference.

"This bill will streamline the functions of both groups, thereby creating a State Student Council that could possibly have attached to it a State Student Conference planning committee. Additionally, this bill will do away with the Student Conference Advisory Committee, which has, to my knowledge, never met.

"Finally, since some of the changes may affect plans for the State Student Council and the State Student Conference for next year, the proposed changes do not go into effect until July 1, 1999.

"Thank you, Mr. Speaker."

The motion was put to vote by the Chair and carried, and H.B. No. 2693, HD 1, entitled: "A BILL FOR AN ACT RELATING TO EDUCATION," passed Third Reading by a vote of 47 ayes, with Representatives Cachola, Jones, Nakasone and Takai being excused.

The Chair directed the Clerk to note that H.B. Nos. 3167, 3548, 2369, 3568, 2942, 1595 and 2693 had passed Third Reading at 5:30 o'clock p.m.

H.B. No. 3165, HD 1:

Representative Okamura moved that H.B. No. 3165, HD 1, pass Third Reading, seconded by Representative M. Oshiro.

Representative Stegmaier rose to speak in favor of the bill, stating:

"First, I want to acknowledge, so that Representative Kahikina does not have to be called out of order, that this particular issue could have been addressed by the Board of Education, and it hasn't been, and I believe that it's significant enough to say a few words about it.

"We're talking about establishing a parent-teacher partnership that results in an agreement and a follow-up on that agreement. I would call it part of the two-pronged approach towards changing the climate of our schools. What we're mandating, and I'll address

mandating in a moment, is that a meeting be held between teacher and parent to discuss the student-child and to talk about the strength and weaknesses, the challenges, interests, the dreams of the child, and then to come up with an agreement that would clarify what role the parent would have and what role the teacher would have in addressing the concerns that were raised. One might think that this would be too elementary to put into statutes, but the fact is that right now, such agreements are not established but there is very, very little expected of parents at all by schools, by teachers. This meeting would result in an agreement, and part of the agreement would be a mechanism as to how the teacher and the parent would continue to communicate about how each other is doing during the rest of the school year.

"There have been several concerns raised, and I want to just quickly mention them and then attempt to clarify.

"One question that was raised is why an agreement between teacher and parent. Because I don't see any other way. There isn't any other relationship that calls upon parents to work with anyone in our society. There's always a connection between parent and teacher so the teacher has to take responsibility for this. Otherwise, the parent will never establish by agreement what his or her responsibilities are.

"How important are parents? They are our children's first teachers. They have more input, they have more impact on children than anyone else and they need to recognize that, whether it's in the educational area or anything else. They determine what kind of attitude children come to school with.

"Why mandate it? Why is this a mandatory bill? Because, if not, it would only be the parents who are most eager to participate in the children's education, who would be involved in these agreements and yet it is the fifty percent or whatever percent of the population who are not engaged that we need to engage.

"Teachers have asked: but how can we do this? It's unfeasible, especially at the secondary level. And I just want to go back to the earlier discussion about the Comprehensive Student Support System. If we establish school support groups, giving teachers time, and that's a monetary issue, teachers will have the time to work on these agreements with the parents who are in their particular support group and, therefore, I don't think that that will be an insurmountable problem.

"Teachers should not be asked to do this by themselves. There are parent-community networking coordinators whose role it is to be in touch with parents. We now have outreach coordinators -- counselors -- at our schools that are supposed to be in touch with parents. We now have at-risk counselors at our schools who are supposed to be in touch with parents. All of them need to support teachers in developing these agreements, these expectations.

"Lastly, Mr. Speaker, I believe that we need to tap into the deepest human relationship, that of parent and child, in a way so we are not tapping into that relationship right now. It could make a significant difference for our education system.

"Thank you."

Representative Pendleton then rose and stated:

"Mr. Speaker, I rise in support but I would just like to express a few concerns.

"You know, Mr. Speaker, I'm not going to oppose this bill because it's kind of hard to oppose anything with such a good intent, but I want to raise a few concerns and raise to the level of reservations. I think it would be helpful or useful for this body to consider some of my concerns.

"First is the issue of micromanagement. I don't know what the Board of Education was thinking when they did not propose this. I can't read their minds. I haven't asked my wife about this particular issue, but I think I would be safe to surmise that they felt that this was getting too much into the details, intruding upon the parent-teacher relationship, just basically micromanaging, and I think that's one of the concerns.

"If you look at the particular agreement requirement in this bill, the agreement would set forth the expectations for the students, the expectations for the teachers, the parents, the guardians, the long and short term goals for the student with progress towards those goals assessed during the school year. There will be rewards and penalties enumerated for the student, ways to improve two-way communication, and then Section B following sets out the difference between the lower grades, where just the parents and the teachers meet, and the upper grades where the students get to participate. This really almost seems silly for us as a legislative body to be intruding in this fashion into schools. I don't know about anyone else but at Keolu Elementary, every year we already have something that's very much like this though we don't have an extensive strategic plan that we craft together. I am not sure that the added paper work and the time that teachers will have to take away from their classroom preparation, from their grading of papers, will be worth it. We need to remember that there is going to be a trade-off, especially when it gets to the high school level where they are actually teaching perhaps hundreds of students in a particular grade or at the intermediate level. There is going to be a cost with them having to spend more time on things like this rather than actual instruction or preparing for instruction.

"My concern is that this bill, in many ways, makes work that will not necessarily make a difference. It's a nice bill to say in an election year: hey, look, we passed this, we're going to mandate that people meet, that they put together a strategic plan that everyone signs, that we are really raising expectations without any hope of a major significant difference. I haven't reviewed all fifty states but I haven't heard of this particular bill. I read all the education reform materials out of many of the research 'think tanks.' I haven't ever heard of anything like this other than maybe the portfolio suggestion which comes somewhat close to this. But again, here we are, mandating the teachers to do more. Who knows, have we even looked at the added cost that may be incurred at the school level with extra paperwork and teachers having to take time away from their students to work on something like this. So those are some of my concerns.

"Again, I support the bill but I hate for the people of Hawaii to think that this is really going to dramatically change things and I'm merely suggesting that, that is what the Chair is saying. But it is something that we're doing and I'm not sure if it's really even worth the paper that it is written on, Mr. Speaker.

"Thank you."

The Chair remarked: "Representative, I think that's more with reservations than concerns on that matter."

The motion was put to vote by the Chair and carried, and H.B. No. 3165, HD 1, entitled: "A BILL FOR AN ACT RELATING TO EDUCATION," passed Third

Reading by a vote of 50 ayes, with Representative Herkes being excused.

H.B. No. 2836, HD 1:

Representative Okamura moved that H.B. No. 2836, HD 1, pass Third Reading, seconded by Representative M. Oshiro.

Representative Arakaki rose to speak against the bill, stating:

"Mr. Speaker and colleagues, this is just another example of myopic policymaking which is based on faulty assumption. And for those of you who have the blue justification sheet provided by the administration -- this is an administration bill -- it states that: 'Educational research has shown that children who start school at an earlier age than their peers may be at a significant disadvantage depending on the school entry date.' Well, I would like to see that research because I have reports from research such as from the National Education Goals Panel on Special Early Childhood Education which shows the need for more, not less, access to early childhood education to have children healthy and ready to learn. Telling those in need of early access to education to wait is unwise. Those who do not meet an age criteria will lose an opportunity to educational socialization, to academic orientation, and discovery of learning and physical deficits that may need remediation.

"The justification sheet also acknowledges that 'parents of "late-born" children may, therefore, incur child care expenses for an additional year.' And perhaps that would be acceptable to those who can afford child care or preschool. But what about those who cannot afford those expenses? Do we ask them to wait?

"I have additional research reports on early brain development which shows that the greatest rate of learning occurs at the ages 0 to 8. In fact, recent findings in the study of brain development of developing fetuses, newborns, infants and young children, have provided hard evidence of the importance of prenatal, post natal, early childhood education, and parenting skills. The research findings also makes clear, the moral and social imperative for parents and policymakers alike to maximize investments in caring for the pregnant Mom, newborn infants and young children. With this possible policy changes, we not only lose out on increasing learning, we lose out on the opportunity for remediation for those who may be developmentally and academically delayed.

"According to a recent **TIME** magazine article: 'The new insights into brain development are more than just interesting science. They have profound implications for parents and policymakers. In an age when mothers and fathers are increasingly pressed for time, concerns about the care of very young children increases. For the data underscores the importance of hands-on parenting, of finding the time to talk with and read to your child, and providing them with stimulating experiences. There is an urgent need, say child development experts, for more, not less preschool and early school programs designed to boost the brain power of youngsters born into impoverished rural and inner-city households.'

"We all have an obligation as both policymakers and dream makers to make good investments to assure a healthy and productive society, now and for the future. We now know that investments in young children yield the greatest returns.

"We need only to look at our highly successful preschool Hawaiian Language Immersion Program to

realize the potential of early learning. To ask these children to wait is not only myopic, it is 'penny-wise and pound foolish.'

"Again, the administration's justification sheet acknowledges that significant cost savings may result for the first year only. The costs, unfortunately, will be long term. And for the second time today, I quote the Nobel Prize winner from Chile, Gabriel Mistral, and she says: 'We are guilty of many errors and many faults, but our worst crime is abandoning the children, neglecting the fountain of life. Many of the things we need can wait, the child cannot. Right now is the time his bones are being formed, his blood is being made, and his senses are being developed. To him we cannot answer, "Tomorrow." His name is "Today".'

"Thank you, Mr. Speaker."

Representative Pendleton rose and requested a potential conflict ruling, saying that his wife is a member of the Board of Education, and the Chair ruled "no conflict."

Representative Pendleton then spoke in support of the bill, stating:

"On this particular measure, which is House Bill No. 2836, HD 1, we just heard a lot of information from my distinguished Chair of the Human Services Committee, and I share the same desire to make sure that our keiki begin learning as soon as possible.

"So, Mr. Speaker, as I look through this bill, this bill has really nothing to do with requiring children to be older or it doesn't make that policy decision, Mr. Speaker. What this bill does is it permits the Board of Education to determine the starting age for children entering kindergarten and first grade. I talked to my wife briefly about this particular bill as she is familiar with the justification sheet. But the interesting thing is that there are people at the Board of Education who think that this would give them then the flexibility, the authority, the mandate to look at a more flexible starting age so that children begin on merit, not just automatically when you're five you go to kindergarten, when you're six you go to first grade. So actually you're going to look at various kinds of criteria to determine whether or not a younger kid who is ready to go should be let in, maybe at four into kindergarten, or whether or not it should be in the parent's discretion to hold them at home for home schooling longer.

"Again, this bill, Mr. Speaker, doesn't make that substantive policy decision. It gives that decision to the Board of Education.

"If you look at the bill itself -- don't take my word for it -- look at the bill itself. Section 1 basically says, and if you look at the underscored line: 'The Board may develop procedures for review and exception in the case of a child who is found to be physically, emotionally, and socially ready for kindergarten and for schools to address early entry and special school programs for kindergarten.'

"This doesn't sound like we're requiring children to be automatically older in order to get into kindergarten or first grade. And again, because of when my daughter's birthdate, if this bill took that decision away from me and my wife as parents, I would be voting in opposition to this particular bill, because I think she is ready even though her birthday is late in the year. This bill does not require the Board of Education to have to make young people older in order to get into kindergarten or first grade.

"Turning over to page 2, again it says: 'Except as authorized by section 302A-411, no child shall attend any public school unless the child will be at least six years of age,' and of course that is referring to first grade. If you look at the underscored language, it says: 'as more specifically determined by the Board.'

What does that mean? It just means that the Board of Education is going to look at whether or not they want to stay with the hard and fast birthday requirement, saying you need to turn a certain age prior to a certain date, or do they want to be more flexible. The Board of Education can actually work in the direction that Representative Arakaki wants them to do. They can actually create standards by saying: hey, you don't have to be automatically five to be in kindergarten like the current law requires. They can actually be younger. So I don't think that the concerns raised by the Chair of Human Services are apropos with respect to this particular bill.

"On the policy question: Who should be making this decision? Should it be the Legislature or the Board of Education? Whether or not the Board is elected or appointed, I think that decision should be given to the Board of Education, so again this bill moves in the right direction.

"Finally, Mr. Speaker, I am glad that we are introducing bills like this which take a hard and fast look at our conventions. You know, we have a strange school year which is built around the agrarian society. Who here lives in an agrarian society, where we have summers so the kids can come home and work on the farm? It doesn't make sense. That's why year-round school makes sense. Why should we arbitrarily require kids to be five or six at given ages. Let's let the Board of Education take a fresh look at this and I certainly hope that the Board of Education doesn't just rely on that justification sheet and say: well, let's try and save some money. Let's really look hard at this issue. What's in the best interest of Hawaii's keiki and their education?

"So, for the foregoing reasons, Mr. Speaker, I strongly support this particular legislation.

"Thank you."

Representative Moses then rose in support of the bill, stating:

"With the exception of the last comments of my colleague, I agreed with everything he said and I do not agree with the fact that year-round schooling is good for the students.

"I do acknowledge the hardship of those families that must readjust if this measure is passed, because they were planning on the State taking care of their children and now they'll have to do it themselves, which I've had to do, and I know some may have a lot of difficulty doing that.

"We still have not addressed the needs for early childhood education, but this measure was not designed to do that. This measure was designed to talk about whether our children are ready when they start public school, and is it to their advantage or disadvantage to be in that formal setting.

"I'm also concerned with the education of preschool age youngsters, and you all know that I've had bunches of them. But in the long run, I truly believe that it is a matter of maturity and being ready to learn in a formal school setting that must be addressed. We can either do

it here and micromanage it or allow the Board to do it. And this measure allows the Board to do that.

"At some level children are ready for the formal setting. I don't know how to come up with the procedures to determine that, but I am sure there are ways to determine that. Right now it is determined by age. All this is doing is shifting the age a little bit but still allowing the Board to come up with procedures to actually test the students and to allow for waivers if they think we should have them. I think that will be most beneficial to our students in the long run, by making sure that they are not always behind and trying to catch up, but they're in a group of peers where they can compete openly and honestly with the same maturity level.

"Thank you, Mr. Speaker."

Representative Thielen rose to speak against the bill, stating:

I wasn't aware of how scary this bill was until I heard the last two speakers, and it really troubles me. I happen to believe that the Chair of the Human Services Committee brought a great deal of wisdom to his comments against the bill. Are we not planning to test five-year olds, to say you're going to have to go into competition to get into kindergarten? I basically wonder how you decide that a five-year old is so-called 'socially and emotionally ready' to go into kindergarten. I know it will favor the children whose parents are able to afford to send them to preschools designed to make them socially and emotionally ready to go into school. Public housing kids will fall between the cracks, they are not going to be socially and emotionally ready for the most part. Single family parents or single family mothers who may be using some forms of day care that don't focus on that kind of education, they're going to be left behind. So we're really going to have a class situation here which I think is very frightening to me. I wasn't aware of it until, as I said, I've heard some of these comments on the bill.

"Are the children ready to go to school? Well, frankly, I thought kindergarten was designed in part to help make children ready for the educational process. Maybe I missed it when my four went to school. They didn't trot off necessarily ready for the educational challenges ahead of them, but they trotted off with eagerness to start a process, and they needed some help as they were going through that process.

"I think we find this very frightening that we would think the Board of Education would have the authority to be able to make those decisions for our children in Hawaii. Something is going wrong here, folks, something is going terribly wrong, and I would ask you all to take a look at this and rethink this.

"Thank you, Mr. Speaker."

Representative Stegmaier then rose to speak in support of the bill, stating:

"On the same bill, if I might just mention that already in statute -- I don't know how many years this particular statutory provision has been in effect -- but we've already made these arbitrary decisions about times and ages and for starting kindergarten. I think what we're saying is that perhaps the Board of Education, based on all the new information we have about social and intellectual development, needs to take a good look at this area and make determinations themselves rather than to leave it up to statutory decision that is necessarily pretty arbitrary.

"My wife is a preschool director and she told me several times about the tragedy of children who leave

preschool and start kindergarten, especially boys, before they are really ready to start kindergarten, which is much more structured and involves a particular curriculum and requirements about developing the hand as well as thinking skills, muscular skills as well as thinking skills. She says that starting kindergarten too early can affect their self-esteem, and I believe that, given the concern that we have. Rather than leave the law as it is, why don't we turn the whole issue over to the Board of Education and have them come up with appropriate guidelines. I think it is very important that we address in this law that ultimately the parents will have a great deal to say about when a child starts school. We specifically say that the Board would come up with exceptions in the case of children who are found to be physically, emotionally and socially ready.

"I believe, in responding to the previous speaker, that we are talking about parental discretion in these cases, so I believe that this measure is a good one because we are ridding ourselves of arbitrary decisions and turning it over to a much more efficient process that the Board would establish.

"For these reasons, I support the measure."

Representative Halford then rose to speak in favor of the bill, stating:

"I would like to use this as an opportunity to compliment the Chair of the Committee for dealing with the difficult subject, especially since we didn't get, in my opinion, as much guidance from educators as we might have otherwise and also from the Board itself.

"On this particular bill, in Committee I voted 'with reservations' because I didn't think that we brought this issue to full conclusion. However, I do want to compliment the Chair in allowing the diverse input that came into our Committee not only in testimony, but from the members themselves.

"Briefly, I would like to say that Representative Arakaki is correct, in my opinion, that a young child -- a three year old, a four year old -- can successfully operate in a context of a group situation and that very constructive things can be done there. I believe that the Chair's wife deals with children at that age. Certainly, very young children are adaptable in social situations.

"The problem comes when we develop a curriculum to try to get the kids to do things that is beyond what they are developmentally ready for. And I think the solution to this whole problem will come when the Board of Education picks a curriculum that will match the age that they choose that the child should enter. I favor the younger we take the kids, the better, that many good things can be done with them. But we also need a curriculum that will match their development for their age and even consider personal differences from child to child.

"Thank you, Mr. Speaker."

Representative Morita submitted the following remarks for insertion into the Journal:

"Mr. Speaker, I rise in support of this bill. Elementary school teachers in Hawaii, especially those who teach kindergarten, are presented with a population greatly diverse in physical, social, emotional and cognitive development. With these large differences in children's development, as well as a looming threat of increased class size due to limited resources, it is very difficult for teachers to adequately meet all children's needs as they implement the current curriculum.

"The question of what is the 'right' age for kindergarten has been debated in other areas of the nation with no strong conclusive direction, however, many states as well as private schools have adapted admission policies addressing the strong correlation between academic failure and early entry into kindergarten.

"Chronological age is the most administratively convenient criterion to determine eligibility for entry into kindergarten. Presently, the minimum age for kindergarten is set by statute. However, we should recognize that there are many factors related to the prediction of initial academic success of children entering kindergarten. Some of these factors include chronological age, sex differences, socio-economic status, intelligence, preschool experience, social adjustment and birth order of children. Therefore, flexibility in this type of policy decision should be given to the Board of Education as new information becomes available on child development or new programs are implemented according to the resources of the Department of Education. By this amendment, the BOE may better address these strong patterns between academic success and chronological age.

"Many opponents of this bill have concerns that are related to early childhood education. I believe early childhood education (nursery, day-care and preschool issues) and kindergarten program issues need to be separated. Unfortunately, many parents in difficult financial positions seek to enroll their child into kindergarten before the child is 'ready.' Yet, the question of readiness for kindergarten depends in part on which type of program the school system has incorporated. So the question of appropriate age to start kindergarten is closely related to the type of kindergarten program incorporated into the school system, which is a policy decision best left to the Board of Education.

"Ultimately, the Board is in the best position to determine how it will expend its resources to best meet the educational needs of the State of Hawaii, which commences with a kindergarten program."

Representative Meyer submitted the following remarks for insertion into the Journal:

"I would like to speak in support of H.B. 2836, HD 1, with reservations. I support the idea of the Board of Education being allowed to make decisions about what age to allow children in kindergarten -- some children are ready earlier, while others later. Yet, I am concerned that this law could be confusing to parents and could provide for ambiguous or arbitrary rulings. If we are to change the manner in which it is decided for children to enter kindergarten, perhaps we should consider an evaluation exam for children to allow for the varieties of mental development among children. One thing I can say for certain is that kindergarten is a wonderful institution that helps children grow in immeasurable ways and I will be watching what happens to this bill."

The motion was put to vote by the Chair and carried, and H.B. No. 2836, HD 1, entitled: "A BILL FOR AN ACT RELATING TO SCHOOL ATTENDANCE," passed Third Reading by a vote of 46 ayes to 4 noes, with Representatives Ahu Isa, Arakaki, Kahikina and Thielen voting no, and Representative Herkes being excused.

H.B. No. 2507, HD 1:

On motion by Representative Okamura, seconded by Representative M. Oshiro and carried, H.B. No. 2507, HD 1, entitled: "A BILL FOR AN ACT RELATING TO THE UNIFORM SECURITIES ACT," passed Third

Reading by a vote of 50 ayes, with Representative Herkes being excused.

H.B. No. 2537, HD 1:

Representative Okamura moved that H.B. No. 2537, HD 1, pass Third Reading, seconded by Representative M. Oshiro.

Representative Whalen rose to speak against the bill, stating:

"My opposition stems from the fact that this bill prohibits insurance companies from using any sort of domestic violence or claim history regarding that in setting their rates. I think everyone would agree that we do not want to see any sort of discriminatory practice, but the way the insurance industry works is, you try to determine factors that will give you some sort of prediction as to the cost of these things, whether you are a sky diver, dynamite explosive kind of person, daredevils, single male driving a car, whatever it is, you take these rates and you try to predict and that is how you get your premium base. And to be able to hamstring the insurance company, what we are doing is forcing the rest of society to subsidize a particular person, instance or happenstance in life, and we're hiding behind the nondiscriminatory label.

"Mr. Speaker, I think we're heading in the wrong direction when it comes to our regulations.

"Thank you."

Representative Lee then rose to speak in favor of the bill, stating:

"Mr. Speaker, insurance discrimination puts victims at risk by both denying the benefits the insurance provides and by discouraging them from seeking help that may result in loss of insurance. Without insurance, victims are unable to obtain health care for themselves and their families, or to provide for their families in case of death or disability.

"This bill will prohibit insurers from using domestic violence as a basis for underwriting or rating and would prevent discrimination against victims of domestic violence.

"I am proud that we are taking the initiative not only to raise the visibility of the issue of domestic violence in our community, but also to prevent an unacceptable practice.

"I would like to commend Chair Menor for recognizing the value of this bill, and I hope all the members of the House will support this measure.

"Thank you."

Representative Thielen then rose in strong support of the bill, stating:

"Mr. Speaker, I think there is a distinction between doing underwriting for sky divers. Sky divers intentionally choose to participate in that sport. I don't believe that a woman intentionally wants to be abused. I think there is a very significant difference.

"Thank you."

The motion was put to vote by the Chair and carried, and H.B. No. 2537, HD 1, entitled: "A BILL FOR AN ACT RELATING TO INSURANCE," passed Third Reading by a vote of 49 ayes to 1 no, with Representative

Whalen voting no, and Representative Herkes being excused.

H.B. No. 2823, HD 1:

On motion by Representative Okamura, seconded by Representative M. Oshiro and carried, H.B. No. 2823, HD 1, entitled: "A BILL FOR AN ACT RELATING TO MOTOR VEHICLE INSURANCE," passed Third Reading by a vote of 50 ayes, with Representative Herkes being excused.

H.B. No. 3255, HD 1:

On motion by Representative Okamura, seconded by Representative M. Oshiro and carried, H.B. No. 3255, HD 1, entitled: "A BILL FOR AN ACT RELATING TO ENVIRONMENTAL IMPACT STATEMENTS IN WAIKIKI," passed Third Reading by a vote of 50 ayes, with Representative Herkes being excused.

The Chair directed the Clerk to note that H.B. Nos. 3165, 2836, 2507, 2537, 2823 and 3255 had passed Third Reading at 6:03 o'clock p.m.

H.B. No. 2355, HD 1:

On motion by Representative Okamura, seconded by Representative M. Oshiro and carried, H.B. No. 2355, HD 1, entitled: "A BILL FOR AN ACT RELATING TO CRIMINAL TRESPASS," passed Third Reading by a vote of 49 ayes, with Representatives Hamakawa and Herkes being excused.

H.B. No. 3262, HD 1:

On motion by Representative Okamura, seconded by Representative M. Oshiro and carried, H.B. No. 3262, HD 1, entitled: "A BILL FOR AN ACT RELATING TO TRUSTS," passed Third Reading by a vote of 49 ayes, with Representatives Hamakawa and Herkes being excused.

H.B. No. 1241, HD 1:

On motion by Representative Okamura, seconded by Representative M. Oshiro and carried, H.B. No. 1241, HD 1, entitled: "A BILL FOR AN ACT RELATING TO CRIMINAL ASSAULTS," passed Third Reading by a vote of 49 ayes, with Representatives Hamakawa and Herkes being excused.

H.B. No. 2675, HD 2:

On motion by Representative Okamura, seconded by Representative M. Oshiro and carried, H.B. No. 2675, HD 2, entitled: "A BILL FOR AN ACT RELATING TO CONSUMER PROTECTION," passed Third Reading by a vote of 49 ayes, with Representatives Hamakawa and Herkes being excused.

H.B. No. 2869, HD 1:

On motion by Representative Okamura, seconded by Representative M. Oshiro and carried, H.B. No. 2869, HD 1, entitled: "A BILL FOR AN ACT RELATING TO AMUSEMENT RIDES, INCLUDING BUNGEE JUMPING," passed Third Reading by a vote of 49 ayes, with Representatives Hamakawa and Herkes being excused.

H.B. No. 2482:

On motion by Representative Okamura, seconded by Representative M. Oshiro and carried, H.B. No. 2482, entitled: "A BILL FOR AN ACT RELATING TO

PUBLIC LANDS," passed Third Reading by a vote of 49 ayes, with Representatives Hamakawa and Herkes being excused.

H.B. No. 3278, HD 1:

On motion by Representative Okamura, seconded by Representative M. Oshiro and carried, H.B. No. 3278, HD 1, entitled: "A BILL FOR AN ACT RELATING TO INSURANCE IN CREDIT SALES," passed Third Reading by a vote of 49 ayes, with Representatives Hamakawa and Herkes being excused.

The Chair directed the Clerk to note that H.B. Nos. 2355, 3262, 1241, 2675, 2869, 2482 and 3278 had passed Third Reading at 6:04 o'clock p.m.

H.B. No. 3288, HD 1:

On motion by Representative Okamura, seconded by Representative M. Oshiro and carried, H.B. No. 3288, HD 1, entitled: "A BILL FOR AN ACT RELATING TO PLANNED COMMUNITY ASSOCIATIONS, CONDOMINIUMS, COOPERATIVE HOUSING CORPORATIONS, AND TIME SHARE PLANS," passed Third Reading by a vote of 50 ayes, with Representative Herkes being excused.

H.B. No. 3163, HD 1:

On motion by Representative Okamura, seconded by Representative M. Oshiro and carried, H.B. No. 3163, HD 1, entitled: "A BILL FOR AN ACT RELATING TO HEALTH," passed Third Reading by a vote of 50 ayes, with Representative Herkes being excused.

H.B. No. 3433, HD 1:

On motion by Representative Okamura, seconded by Representative M. Oshiro and carried, H.B. No. 3433, HD 1, entitled: "A BILL FOR AN ACT RELATING TO PLATINUM JEWELRY," passed Third Reading by a vote of 50 ayes, with Representative Herkes being excused.

H.B. No. 2506, HD 1:

Representative Okamura moved that H.B. No. 2506, HD 1, pass Third Reading, seconded by Representative M. Oshiro.

Representative Menor submitted the following remarks for insertion into the Journal:

"Mr. Speaker, the purpose of this bill is to streamline the foreclosure process by setting up a non-judicial foreclosure system which a lender can utilize to foreclose on a property without having to file a lawsuit and obtain court supervision.

"There are several consumer benefits that will result from a streamlined foreclosure process. First of all, as proponents of this bill correctly pointed out during the committee hearing on this measure, judicial foreclosures in Hawaii have proven to be very time consuming and costly. Judicial foreclosures typically take from 6 to 9 months or longer to complete from the time that the lender files a foreclosure complaint in the circuit court. Moreover, the fees and costs of the foreclosure commissioner and the attorneys involved add about \$8,000 to \$12,000 to the foreclosure expenses. An attorney who has represented both lenders and borrowers in foreclosure actions testified that Hawaii is the most expensive state in which to conduct a foreclosure since there are many states where a foreclosure can be completed for \$2,000 or less.

"Given the inordinate amount of time and costs that it takes to complete judicial foreclosures, the streamlining of the foreclosure process will significantly reduce costs for our local financial institutions which, as you know, are having a difficult time remaining financially viable and competitive. In this regard, a bill of this nature will ultimately benefit the employees and depositors, future loan customers, and stockholders/investors of these financial institutions..

"Moreover, this bill will benefit the thousands of residents in Hawaii who are members of condominium and homeowners' associations. Representatives of these associations testified in strong support of this measure because association members statewide are losing thousands of dollars from the delays inherent in the judicial foreclosure process. Typically, the defaulting apartment or homeowner also defaults in the payment of maintenance fees to the association, which means that the other owners, who are members of the association, are required to subsidize the defaulting owner for his or her share of the common expenses.

"I also recently received a letter from Eric Matsumoto, who is a member of the Board of Directors of the Mililani Town Association, in which he pointed out that problems have been occurring in the community of Mililani where defaulting owners have abandoned their properties prior to the completion of the foreclosure process. He notes in his letter that abandoned property have become 'Party Houses' for raucous teenagers and suspected drug abusers.

"In addition to the benefits to homeowners' associations, H.B. 2506, HD 1, will help to reduce the thousands of hours of court resources wasted on administering the present foreclosure system. The savings that result from this bill can be used instead on other important government programs and services.

"It should also be emphasized that H.B. 2506, HD 1, contains substantial safeguards to protect the rights and interests of borrowers. This bill provides sufficient procedures for an owner who wishes to contest the amounts owed or the validity of the foreclosure process. For example, the bill specifies that a borrower and others have a right to file an appeal to the Circuit Court where the property is located to contest issues that may arise from a foreclosure such as fair market price, legal or fair conduct, and the validity of the purchaser. Moreover, your Committees amended this bill to require that the lender must personally serve the notice of foreclosure on the borrower and to follow the same service requirements that are currently followed under the current judicial foreclosure law.

"Furthermore, under this measure, a lender is barred from obtaining a deficiency judgment against the borrower in the event that the sale of the property does not produce sufficient funds to fully pay the underlying debt. Without having to face a possible deficiency judgment, a defaulting borrower might not be forced into having to file bankruptcy to discharge the deficiency as is oftentimes the case.

"It should also be noted that this bill contains adequate procedures for an owner who is trying to arrange payment to do so. For example, the bill affords a borrower ample time to cure his default. When a borrower receives a Notice of Default advising him of the delinquent amounts and that a foreclosure sale may take place, the lender must give the borrower 60 days after the date of the notice to cure the default. Moreover, if the default is not cured by the deadline, the lender must give an additional

60 days advance notice if the lender wants to hold a public sale of the property.

"In regard to whether a borrower is given sufficient time under this bill to pay off delinquent amounts, please keep in mind that when a mortgage loan is in default, the lender will try to work with the defaulting borrower before commencing a foreclosure action. In other words, a defaulting borrower has ample opportunity to pay off delinquent amounts before a foreclosure sale of his or her property takes place.

"Furthermore, I would like to point out that in the vast majority of foreclosure cases, the owner has either completely abandoned the unit or is simply living in the unit while the foreclosure runs its course. In these cases, which again comprise most of the foreclosure cases, there is no legal dispute that the outstanding loan amounts are due and owing and that the borrowers do not have viable defenses to the foreclosure action. It really makes no sense to force lenders in these cases to go through time-consuming and costly court supervised judicial foreclosure proceeding.

"Finally, in speaking on this measure, I would like you to know that my heart goes out to all those who have lost their homes through foreclosures because of unfortunate economic circumstances. However, our sensitivity to their plight should not cause us to support a flawed and costly foreclosure system.

"For the reasons that I have stated, I would respectfully request that my colleagues support H.B. 2506, HD 1."

Representative Thielen submitted the following remarks for insertion into the Journal:

"This bill purports to reduce the time and expense of foreclosing on a mortgage by eliminating court oversight of the process. Removing the neutral, third party from the process places too much power in the hands of a single person, the lender's representative, who is also a party in interest. The potential for abuse is too great, particularly where there is equity in the property, as is often the case with elderly homeowners."

The motion was put to vote by the Chair and carried, and H.B. No. 2506, HD 1, entitled: "A BILL FOR AN ACT RELATING TO FORECLOSURES," passed Third Reading by a vote of 49 ayes to 1 no, with Representative Thielen voting no, and Representative Herkes being excused.

H.B. No. 2426, HD 1:

On motion by Representative Okamura, seconded by Representative M. Oshiro and carried, H.B. No. 2426, HD 1, entitled: "A BILL FOR AN ACT RELATING TO TAXATION," passed Third Reading by a vote of 50 ayes, with Representative Herkes being excused.

H.B. No. 3229:

On motion by Representative Okamura, seconded by Representative M. Oshiro and carried, H.B. No. 3229, entitled: "A BILL FOR AN ACT RELATING TO THE PROCUREMENT CODE," passed Third Reading by a vote of 50 ayes, with Representative Herkes being excused.

H.B. No. 3246, HD 1:

On motion by Representative Okamura, seconded by Representative M. Oshiro and carried, H.B. No. 3246, HD 1, entitled: "A BILL FOR AN ACT RELATING TO

CONCESSIONS," passed Third Reading by a vote of 50 ayes, with Representative Herkes being excused.

The Chair directed the Clerk to note that H.B. Nos. 3288, 3163, 3433, 2506, 2426, 3229 and 3246 had passed Third Reading at 6:05 o'clock p.m.

At 6:06 o'clock p.m., the Chair declared a recess, subject to the call of the Chair.

The House of Representatives reconvened at 6:16 o'clock p.m.

H.B. No. 2750, HD 1:

On motion by Representative Okamura, seconded by Representative M. Oshiro and carried, H.B. No. 2750, HD 1, entitled: "A BILL FOR AN ACT RELATING TO STATE BONDS," passed Third Reading by a vote of 51 ayes.

H.B. No. 2758, HD 1:

On motion by Representative Okamura, seconded by Representative M. Oshiro and carried, H.B. No. 2758, HD 1, entitled: "A BILL FOR AN ACT RELATING TO PROCUREMENT," passed Third Reading by a vote of 51 ayes.

H.B. No. 1160, HD 1:

Representative Okamura moved that H.B. No. 1160, HD 1, pass Third Reading, seconded by Representative M. Oshiro.

Representative Pendleton offered the following amendment to H.B. No. 1160, HD 1:

"SECTION 1. House Bill 1160 H.D.1 is amended by amending page 5, line 24 to read:

'SECTION 5. This Act shall take effect [upon its approval] on January 1, 1999.'"

Representative Pendleton moved that the amendment be adopted, seconded by Representative Kawanakoa.

Representative Pendleton rose to speak in support of the amendment, stating:

"I would ask that the members look at the amendment to House Bill 1160, HD 1, which has the date stamped on it, the date stamped 'March 10, 1998.'

"Mr. Speaker, this is a very simple and straightforward and absolutely necessary floor amendment. It would change the effective date from 'upon approval' as the bill presently reads to 'January 1, 1999.' And the reason why I offer this floor amendment to change the effective date, Mr. Speaker, is because this particular bill relates to campaign contributions.

"First, we should not change the rules in the middle of a game. It's tough enough to be able to be aware of the complicated filing requirements and all of the rules and regulations, it's tough enough to comply with them as it is, but to have the rules changed in the middle of the game is not appropriate.

"Second, Mr. Speaker, changing the rules prior to the filing deadline in July may actually prevent some candidates from running at all and would, in my estimation, create barriers for all political parties in recruiting candidates.

"Third, Mr. Speaker, such a change in midstream would result in an enforcing problem for the Campaign Spending Commission which will have to determine aggregate contributions prior to the law change, which would be 'grandfathered' at the limits under current law.

"Fourth, Mr. Speaker, campaign plans have already been written and budgets approved under the provisions in the current law.

"If we do not change the effective date of this bill, it may very well be that some candidates will have to return money to donors that has already been spent. How you do that without a time machine, I don't know.

"Finally, if we don't amend the effective date, Mr. Speaker, this measure actually chokes the playing field rather than leveling it. It chokes it in favor of heavily-financed incumbents who have already raised significant contributions, and it would place effective limits on challengers who have not yet raised those large sums and who traditionally raise the money later in the election cycle. I don't have to mention what particular race or party, but we all know who is adversely impacted by this bill and who stands to benefit. We also know, Mr. Speaker, who benefits the most by having this bill go into effect upon approval.

"Mr. Speaker, the present bill as it stands, is patently unfair and it seems to undercut anything that our whole Democratic process stands for. It's not a bill of the people or for the people or by the people, and that's why I propose to change the effective date to go after this coming November 1998 election. Who can say that that is an unfair request? But don't just take my words for it, Mr. Speaker. Let me close with a couple of relevant quotations from some media.

"The Honolulu Advertiser, March 5, 1998, not known as a secret GOP organization. This newspaper said in an editorial of March 5: 'The fair way to enact this law', and again I am quoting, 'would be to impose it beginning with the next campaign cycle after the November General Election. To apply in the middle of the Governor's race changes the rules midstream.'

"The Honolulu Star-Bulletin, March 5, 1998. Their editorials wrote this, and I quote: 'The bill originally would have been retroactive to January 1, 1998, which would have forced the GOP to return much of the money raised at the dinner,' and I assume they are referring to the Lincoln Day dinner. 'Evidently,' and again I continue quoting, 'the Democrats decided that it was too outrageous because the retroactivity provision was deleted before this bill passed on a party line vote.'

"So, Mr. Speaker, fortunately this bill isn't retroactive, but unfortunately it still isn't fair because it still changes the rules midstream, that is, presently it would change the rules upon approval. That's why I ask members on both sides of the aisle to support changing the effective date to January 1, 1998. It would go into effect after this coming election."

Representative Tom then rose to speak against the proposed amendment, stating:

"Mr. Speaker, the last speaker said January 1, 1998. I think he means 1999, doesn't he?"

"This amendment, first of all, is meant to take effect July 1, 1999. I believe that such an amendment would be unwise. The main thrust of the proposed amendment would be to delay the reforms proposed in the bill passed by your Judiciary Committee. This is a clear recognition by the opponents that the reforms are both reasonable and

appropriate, but they need more time to exploit the loophole we are trying to close in this bill. To me, it is unwise to recognize that the spirit and intent of our campaign spending laws are being perverted through the use of a loophole, yet delay closing the loophole simply because you want to exploit it for one more election.

"Mr. Speaker, the previous speaker talked about changes to rules in the middle. I respectfully disagree because we're not making this retroactive. It doesn't change the rules, it treats everyone the same. Most bills that we have now, and I think it is recognized that it's 'upon approval.' So it is not changing the rules of the game because the bills that we pass are either 'upon approval' or if it's fiscal, 'July 1,' because it is a new fiscal year. So I don't see how we're changing the rules of the game.

"Mr. Speaker, the previous speaker said that people may have to return money. We're not making it retroactive, Mr. Speaker, we're making it prospective -- 'upon approval' -- so that we can get this kind of law that's for campaign spending reform in line as soon as possible for all candidates.

"It says it tilts the playing field. For who? It levels it because it treats everyone the same.

"And finally, Mr. Speaker, if anyone knows about the media, I ought to know because I may not be able to see the newspaper, but others read it to me. And does that mean then that when the media says something, then that's God's law, or that's what it is? I don't think so. We're here to do our job, not the media's job. So I ask my members to please vote against this amendment."

Representative Whalen rose to speak in support of the proposed amendment, stating:

"Mr. Speaker, in due deference to Chair Tom, I wasn't going to say anything. I made my speech the other night when we first heard this bill and I'm not looking for media attention or anything else. But what really bothered me was the word 'exploitation' or 'exploit', referring obviously to calling a spade a spade. The reference was Republicans exploiting a loophole. I think the only exploitation here, Mr. Speaker, is the Governor and his office and the position. . .

At this point, Representative M. Oshiro rose on a point of order.

"The Chair said: "Please confine yourself and don't get into naming people. Just confine yourself to the bill, please."

Representative Whalen replied:

"I'll confine myself to the bill, Mr. Speaker.

"Earlier in the session, we passed Stand. Com. 779-98 (H.B. No. 2441) which restricted \$50,000 donations to a two-year cycle instead of every year. That was the House position that we had passed on. Suddenly, in the eleventh hour, we passed this other bill. The original bill that had nothing to do with campaign spending was gutted and this was put in its place and was passed just before the deadline.

"And again, Mr. Speaker, I think it is extremely relevant, even to this bill, because again the Chair of the Committee used this term in his argument for support. Our intention for delaying the effective date is so that we can 'exploit' a loophole. That is not what is being exploited here, Mr. Speaker, and I won't name names. Whoever is going to vote on this bill, which is all of us

who are elected, have been put in a position of trust, just as we yell and scream about the Bishop Estate trustees, et cetera. They have a duty of trust to the beneficiaries, we have a duty of trust to the people we represent. We disagree on the issues, as obviously earlier stated on the budget and whatnot that came up. But one thing is clear, Mr. Speaker, that we are here to do what is right. We are here to do what is fair and just.

"In that Committee hearing with Mr. Watada, when being pressed on what is the fairest time to have this thing become effective, he would not say that the fairest time is this year or in June. He would say that the original retroactive date was patently unfair but he would not say that June was fair. In fact, he was on the verge of responding to my question in the affirmative, that it should be delayed until after the election when he was cut off and told he didn't need to answer the question. And then they barricaded him in and the question was not answered. Mr. Speaker, I'll leave it at that.

"I think it is clear what our duty is to the people we represent, because the people look at us as a whole. Mr. Speaker, they don't see us as Republicans or Democrats. At election time, they do, but when we mess up or something doesn't get passed, if they don't like what happens, whether it is the Senate or the House, they just see us as a big blob of people who are here either screwing up or doing a good job. And in this particular case, they are going to look at this thing and if they pay attention to the issues, they are going to say: we're playing games with next year's election, and it shouldn't be done because that's not why we're in this office, Mr. Speaker.

"Thank you."

Representative Moses then rose to speak in support of the amendment, stating:

"I'd like to say that this is not exploitation of loopholes because all it is doing is using the law that exists now. This is not loopholes, this is the law.

"What we're talking about is something that I've rose several times tonight to object to, and that is changing the rules in midstream. If you remember, I talked about this with the Public Employees' Health Fund and ERS and several other measures tonight. This isn't the only time. I'm being consistent -- you don't change the rules in mid-game.

"Now, there has been some party in power for forty years which I won't mention, but how come they didn't think about making these changes earlier? Why now, when we hear about we have to change the date to July or to June, or whatever. Well, an election cycle is defined in law. We're in the election cycle now. It's not up to us to arbitrarily try to change something in the middle of the election cycle unless we are going to amend that tonight, too.

"So again, Mr. Speaker, this is midstream, we're already in this election cycle. I agree with some of these changes, I don't agree with all of them. But I do state again -- you cannot change rules in the middle of the game.

"Thank you, Mr. Speaker."

Representative Halford then rose to speak in support of the amendment, stating:

"This amendment is asking for January 1, 1999, not as opposed to taking effect 'upon approval' or 'July 1.' I'd like to say that on the question of timing, with another

bill on this page, the Economic Revitalization Task Force has asked to stimulate our economy through making some tax changes and are proposing to start these beneficial changes upon approval, not proposing to make these beneficial changes on July 1, but proposing to make these beneficial changes on January 1, 1999. I think it is certainly consistent with what we do often in this body, and that is to make some of our proposals start January 1, 1999.

"Thank you, Mr. Speaker."

Representative Ward then rose to speak in support of the amendment, stating:

"Mr. Speaker, I rise in support of the amendment so that we can change the name of this bill, from the anti-Lingle bill or the bill that, for some of us, we would expect to have a primary anti-Fasi bill. It's the name I am afraid has labeled, if you will, people like David Murdock or the Republican Party for doing things in the expression of freedom of speech which now, with this bill, curtails that, Mr. Speaker.

"I really regret that I have to stand without Representative Santiago here because I don't know anybody who has a conscience in this room, who cannot say that this is a partisan issue. And I really regret that Representative Santiago can rail about 'we stand up and talk about other. . .

Representative M. Oshiro, at this point, rose on a point of order.

Representative Ward continued, saying:

"Let me have my ventilation as he did.

The Chair stated: "Representative, you're out of order. You're not supposed to name the Representative from Kahuku, if you will, please."

Representative Ward: "The crafted control of the freedom of speech in this place is amazing. . .

The Chair replied: "That is correct. We're bound by laws, we're bound by the House Rules. Please proceed."

Representative Ward: "Who ducks out in the most partisan discussion, who clearly. . .

Representative M. Oshiro again rose on a point of order.

The Chair stated: "As usual, Representative Ward, will you please continue with the merits of the amendment which you are supposed to be speaking about."

Representative Ward continued, saying:

"The amendment takes away what I will otherwise say by euphemism, someone who is sitting with \$2.5 million in their campaign chests to someone who has \$250,000. It says, well this bill makes the playing field level. What in effect it does, it locks in what otherwise is an unequal playing field, not a level playing field. This is where, Mr. Speaker, is the truth of the matter -- a spade has to be called a spade.

"This bill is legalizing the corruption of our election system which in a democracy should not be so. But if we put the date back so we could all look like we're going to do what we should do, everybody will agree with it. You change the date, no one is going to disagree with it. But in its present form, Mr. Speaker, it is the suppression of those who are not already in office, it's a suppression of

those who don't already have the power of the incumbency, the power of raising the money.

"We have suffered for forty years with the one-party state. Before that we had another one-party state. The human condition deteriorates when power corrupts, absolute power corrupts absolutely. We want to get the playing field even, we want to get a two-party system. This bill locks us in to a one-party system, Mr. Speaker. That's why we should at least change the date by six months. That's all we're asking, Mr. Speaker."

Representative Garcia rose to speak against the amendment, stating:

"Mr. Speaker, strong words have been expressed from both sides of the aisle on this amendment, and I agree with the emotion underlying the statements that have been expressed by the previous speakers. This debate only serves to remind us of the length which money has come to dominate political campaigns, and I am anxious to get on with even stronger measures than what the actual underlying bill proposes in order to further our efforts at meaningful campaign reform. Politicians spend an inordinate amount of time worrying when and from whom their next contribution is coming from and not enough time patiently explaining their ideas and expounding on the issues.

"Mr. Speaker, one of the reasons why the problem is becoming intolerable is the explosion of information technology. Here we speak of the reliance on sound bites over substance. When this happens, balance, analysis and ultimately the truth suffers and the people suffer for it, too. They become less informed and increasingly more cynical. . .

Representative Pendleton, at this point, rose on a point of order and asked:

"Mr. Speaker, is he addressing the amendment?"

The Chair answered: "I assume that he is straying a little bit so please, Representative, don't stray and speak to the amendment."

Representative Garcia answered:

"I am speaking right to the heart of the issue, Mr. Speaker, on this reliance on money and with respect to the specific issue that this bill tries to address, and that is 'soft' money. . .

"With respect to the so-called 'soft' money which this bill intends to address. . .

Representative Marumoto rose on a point of order and stated:

"Would the speaker please address the amendment before us."

The Chair answered:

"I'm sure he is. Representative, will you please continue with your line. 'Soft' money is in relation to the party, isn't it? Please proceed."

Representative Garcia continued, saying:

"I believe it is, Mr. Speaker, and I was trying to address what is at the core of the problem here. We talk so much about dates and loopholes, and I believe we are skirting the real issue, and that is the reliance of money and in this instance, the so-called 'soft' money.

"With respect to the so-called 'soft' money, \$80 million was raised in 1992 nationwide, and the amount of 'soft' money contributions. . .

Representative Thielen then rose on a point of order and stated:

"The amendment is dealing with the date change, the effective date of the bill. That's what is before us right now -- making the effective date of the bill after this election period."

The Chair stated: "Representative, will you please confine yourself to the date of the bill."

Representative Garcia answered, saying:

"Mr. Speaker, I will confine my remarks to the actual discussion of the bill that will come after this discussion on the amendment. And I will just say that with respect to the timing, that the words of the Judiciary Chair be entered into the Journal as if they were my own," and the Chair "so ordered." (By reference only)

Representative Thielen rose to speak in support of the amendment, stating:

"In talking to people outside of the Legislature -- a lot of Democrats, some Republicans -- all of them feel that changing the date to be effective after this election period is the fair way to go. And I can tell you, loud and clear, that Democrats as well as Republicans call this the 'stop Linda Lingle' bill.

"Mr. Speaker, if we change the date. . .

Representative M. Oshiro rose on a point of order.

The Chair then said: "Again, Representative, please stay away from names, and please continue."

Representative Thielen continued, saying:

"If we change the date of this 'stop Lingle' bill. . .

The Chair interrupted: "Again, Representative, you're out of order. Will you please confine yourself to the date."

Representative Thielen continued, saying:

"I'm saying that, Mr. Speaker, if we change the date of the 'you know what I mean,' then we will be fair in this election period. If we do not change the date, I think it's going to backfire on all of you, because I think that the support in the voting booth will come forth for Linda Lingle because of this unfair measure.

"Thank you, Mr. Speaker."

Representative Aiona rose to speak in support of the amendment, stating:

"The date change that is proposed by the amendment is the fair thing to do, Mr. Speaker. Tonight, or all day today, we heard a lot of partisan politics and about: we should work in bipartisanship and we were asked in a very dramatic fashion by the Representative from Kahuku to rise above it all and try to be as bipartisan as possible.

"This date change that we are proposing will show how much bipartisanship the members have, Mr. Speaker, and I just ask that they all vote for the amendment, because by voting for the amendment you will show your true colors and show your independence.

"Thank you."

At this time, Representative Kawanakoa requested a roll call vote.

The request for a roll call was put to vote by the Chair and upon a show of hands, the request was granted.

"Roll call having been requested, the motion to adopt the amendment was put to vote by the Chair and failed to carry on the following show of Noes, Ayes and Excused:

Noes, 35: Representatives Abinsay, Ahu Isa, Arakaki, Cachola, Case, Chang, Garcia, Goodenow, Herkes, Hiraki, Ito, Jones, Kanoho, Kawakami, Lee, Menor, Morihara, Morita, Nakasone, Okamura, M. Oshiro, P. Oshiro, Saiki, Santiago, Say, Suzuki, Takai, Takamine, Takumi, Tom, White, Yamane, Yonamine, Yoshinaga and Souki.

Ayes, 14: Representatives Aiona, Fox, Halford, Kawanakoa, Marumoto, McDermott, Meyer, Moses, Pendleton, Stegmaier, Tarnas, Thielen, Ward and Whalen.

Excused, 2: Representatives Hamakawa and Kahikina.

Representative Fox then offered the following amendment to H.B. No. 1160, HD 1:

"SECTION 1. House Bill 1160, H.D. 1 is amended by deleting portions of page 4, line 7 to read:

'controlled by any [corporation, labor organization,] association.'

SECTION 2. House Bill 1160, H.D. 1 is amended by amending section 11-204 to read:

'(g) [A contribution made by two or more corporations shall be treated as one person when such corporations:

- (1) Share the majority of members of their boards of directors;
- (2) Share two or more corporate officers;
- (3) Are owned or controlled by the same majority shareholder or shareholders; or
- (4) Are in a parent-subsidiary relationship.

(h) An individual and any general partnership in which the individual is a partner, or an individual and any corporation in which the individual owns a controlling interest, shall be treated as one person.

(i) (g) No committee which supports or opposes a candidate for public office shall have as officers individuals who serve as officers on any other committee which supports or opposes the same candidate. No such committee shall act in concert with, or solicit or make contributions on behalf of, any other committee.

(j) (h) No contributions may be made to a noncandidate committee from a corporation or other organization unless the noncandidate committee has been in existence continuously, as shown on the records of the campaign spending commission, for at least twelve months prior to the next primary election."

[(k) (i) No contributions or expenditures shall be made to or on behalf of a candidate or committee by a foreign corporation, including a domestic subsidiary of a foreign corporation, a domestic corporation that is owned by a foreign national, or a local subsidiary where administrative control is retained by the foreign corporation, and in the same manner prohibited under 2

United States Code section 441e and 11 Code of Federal Regulations 110.4(a) and 110.9(a), as amended. No foreign-owned domestic corporation shall make contributions where:

- (1) Foreign national individuals participate in election-related activities such as decisions concerning the making of contributions or the administration of a political committee; or
- (2) The contribution funds are not domestically-derived.

[(1) (j) No person or any other entity other than a national affiliate of a political party shall make contributions to a political party in an aggregate amount greater than [\$50,000] \$6,000 in any two-year election [year,] period. No political party shall receive contributions or transfers exceeding \$50,000 from any national affiliate of a political party in any two-year election period.]"

"SECTION 3. House Bill 1160 H.D.1 is amended by adding a new section to read:

'SECTION 4. Chapter 11, Hawaii Revised Statutes, is amended by adding a new section to be designated and to read:

'SECTION 11- Campaign contributions; prohibited as to corporations and labor unions. Notwithstanding any other law to the contrary, no corporation, labor union, or labor organization shall make any contribution of any kind to any individual candidate for public office or to any political party whatsoever.'

"SECTION 4. House Bill 1160 H.D.1 is amended by adding a new section to read:

'SECTION 5. Chapter 11, Hawaii Revised Statutes, is amended by adding a new section to be designated and to read:

'SECTION 11- Election activities by public workers prohibited. Notwithstanding any other law to the contrary, employees of state or county government, shall be prohibited from participating or engaging in any election activities during regular or normal state or county business hours, on state or county property, regardless of whether such employees are claiming vacation or any other form of leave.'

"SECTION 5. House Bill 1160 H.D.1 is amended by adding a new section to read:

'SECTION 6. Section 11-205.5, Hawaii Revised Statutes, is amended by adding a new subsection to be designated and to read:

'SECTION 11-205.5(d) Notwithstanding any other provision to the contrary, a contribution to a statewide campaign in excess of \$100 shall disqualify an individual or any other entity from obtaining a state or county bid or non-bid contract for the duration of the election period for which the contribution was made.'

"SECTION 6. House Bill 1160 H.D.1 is amended by amending page 5, line 23 to read:

'SECTION [4.] 7.'

"SECTION 7. House Bill 1160 H.D.1 is amended by amending page 6, lines 2-3 to read:

'SECTION [5.] 8. "This Act shall take effect [upon its approval] on January 1, 1999."

Representative Fox moved that the amendment be adopted, seconded by Representative McDermott.

Representative Fox rose to speak in support of the amendment, stating:

"Mr. Speaker, it gives me great pleasure to speak in favor of this amendment and prolong the agony for everybody on the floor tonight.

"I'd rather offer floor amendments than just say 'no' so I'm trying to make a bad bill a little better.

"Our distinguished Chairman of the Judiciary Committee has told us that campaign spending laws need to be tightened. The head of the Campaign Spending Commission said that what we need to do is to limit the 'big' money contributions. And just earlier in this debate, we heard from the House Majority Whip that we ought to be very concerned about the length to which money dominates politics and we ought to get on with even stronger measures.

"The purpose of this amendment is to do something stronger than the original bill that's before us, and to do some real campaign finance reform.

"This amendment does three basic things: Number one, it disallows campaign contributions from corporations. This would bring Hawaii law in line with what we have at the federal level and it's a change that is recommended by our Governor. He favors disallowing campaign contributions for corporations. Second, to balance off the ending of the campaign contributions from corporations that disallows campaign contributions from unions and since they give less but have a lot of leg work, it deals also with their activities. And third, it provides that any individual or non-corporate entity that makes a contribution to a statewide campaign in excess of \$100 will be prohibited from obtaining the State or County bid or nonbid contract for the duration of the term of office of the candidate for whom the donation was made. It basically means that if you donate a hundred dollars to a statewide campaign, you go on a list that prohibits you from getting government work. Those are the main components of the amendment. There is a technical error at the end of the amendment. The date is wrong, the date in the bill is right.

"The corporations contribute 'big' money in local politics right now. If you look at the campaign finance report of the Governor, his latest campaign finance report, you will find that Coopers and Lybrand has given \$19,200, Kaku Associates \$12,000; Edward K. Noda & Associates \$11,000; George Matsumoto & Associates \$8,000; Kajioka, Okada. . .

At this point, Representative M. Oshiro rose on a point of order.

The Chair asked:

"What relevancy does it have? You're out of order, Representative."

Representative Fox continued, saying:

"These are corporations that have all given in excess of the amount of money in the original bill. The limit: \$6,000. There are several more corporations that have given beyond the \$6,000 figure that is supposedly the limit put on campaign contributions in this bill pertaining to a certain segment of the contributing public, that is the party, so we've got plenty of contributions in excess of \$6,000.

"Let me, if I can, just list a series of corporations that are on the Governor's finance report, and this is directly in order as they are on the report: AS Design Group, the Meyers Corporation, the Orchid Club, Thomas Agawa. . .

The Chair interrupted and said:

"Representative, you are out of order. What are you trying to prove?"

Representative Kawanakoa then rose and said:

"Mr. Speaker, I question the ruling of the Chair. I believe he is in order. . .

The Chair stated:

"If you question the ruling of the Chair. . .there's been a question to the ruling of the Chair. All the members who believe that I am not fair, will you please signify by saying aye; all those who oppose?"

"Alright, Representative, will you please continue with your amendment and stay away from corporations, names, and just to the substance of the amendment."

Representative Fox continued, saying:

"With all due respect, Mr. Speaker, I am very confused. I am speaking to the subject of stopping corporate donations to campaigns."

The Chair answered:

"I don't think you need to get into the particular names of those people who have donated."

Representative Kawanakoa rose and asked:

"Mr. Speaker, may I question why he should not get into the particular names of the people donating?"

The Chair answered:

"I don't have to answer that. The ruling has been made already."

Representative Kawanakoa: "How convenient."

Chair: "That is correct. Will you please proceed."

Representative Fox continued, saying:

"Needless to say, there are a number of corporations -- I found eight in a row giving \$18,000, and that's in addition to the other figures I was in the process of informing you about. Needless to say, there is significant corporate donations to the campaign and we have an opportunity here with this amendment to cease the practice of having corporations donate to campaigns.

"Similarly, we can do the same with unions. And we can also go on to specifically prohibit the practice of union personnel performing election activities during working hours, at working places, by simply taking vacation leave. It sounds like a good thing to take out of the picture if we want to start to level the playing field between unions and corporations. If we're going to take out corporations, let's do some thinking about evening it up with the unions.

"The amendment would do a complete separation between the process of donating to campaigns and the process of getting government work. Now, we've consulted with our attorneys because you are familiar that there is a City ruling on this mix, and our attorneys tell

us that if we do it the other way from the way the City did it, and that is you first give a person the right to give to whomever they want to, but you prohibit them from getting a contract if they give to a certain party, and in that way it can stand constitutional muster. So we ought to try it in Hawaii. We ought to level the playing field by doing this significant change to the campaign finance law. Let's not talk about doing campaign reform and then just tilt it in one direction. Let's do meaningful campaign reform, and finally, let's do it for the next election cycle starting January 1, 1999. So that's the purpose of my amendment.

"I thank you all my colleagues, for your indulgence. Mr. Speaker, I thank you for your indulgence. The hour is very late."

Representative Tom then rose to speak against the amendment, stating:

"Mr. Speaker, this proposed amendment has three pieces to it. The first is unwise, the second piece is unnecessary, and the third piece is unconstitutional -- three uns.

"I talked about the unwise again with the previous amendment that attempts to move this to January of 1999 because I think you've heard my statement on that, and I believe that would be unwise. We've got to do something now.

"The unnecessary portion of this proposed amendment is the part which seeks to prohibit election activities by public workers. Mr. Speaker, I invite the members here to come up to the copy room next to my office and read the brochure from the State Ethics Commission which is taped to the wall. Unfortunately, it is in print so I have to braille that. But it clearly states that using State time, equipment, supplies or premises for any campaign activities is a violation of the State Ethics Code under Chapter 84. I'd also refer members to Chapter 76, which covers campaign activities by State and County employees, so this amendment is unnecessary.

"Finally, the rest of the amendment seeks to prohibit certain individuals or groups of individuals from making political contributions. I would say that is unconstitutional. It's patently unconstitutional because it unduly burdens the exercise of free speech and violates the equal protection provisions of our Constitution by irrationally singling out certain groups from participating in the political process.

"Mr. Speaker, I'd like to think that people and groups who donate to candidates do it because they believe in the individual and they want to do it. This would certainly restrict it.

"What is the difference between these amendments and the bill that we have on the table? The difference is, our bill does seek to reduce campaign spending limits like other bills have. This bill does more than that. It restricts, it doesn't just seek to reduce, and that is the difference between these amendments and the bill that we have on the table.

"So I ask again, Mr. Speaker, that we not support this amendment.

"Thank you."

Representative Ward then rose on a point of information to the Judiciary Chair, asking:

"If this amendment fails and the bill that's before us passes, will corporations then get another bite of the

apple? They can give another \$6,000, or will the bill, in effect, not allow them to have that happen? That's my question."

The Chair answered:

"I think you can ask that question during the recess or after the session is over."

Representative Whalen rose in support of the amendment, stating:

"Mr. Speaker, I think the amendment says that we're told that time is of the essence, that we have to enact this thing today if possible, because it's such an outrageous thing. We have to deal with campaign reform because of the corruption that's going on. So, fine, there's an amendment just put on the table now to really have true campaign reform. You want to get rid of 'soft' money, big money donors, get back to the roots, which is what the first statement was all about, then let's do the whole hog and then amend the responses. No, not really. Not really because the second amendment hits us all. It will be difficult for all of us to raise money -- the big, easy money. It hits us all evenly. That levels the playing field and what do we hear? Opposition.

"Mr. Speaker, I think all the votes against this amendment clearly shows where our hearts, where our intentions are, in terms of truly looking out after the good of the people, getting back to the grassroots, all that sort of thing, true democracy, or if we are just playing a game here.

"Thank you."

Representative Menor then rose to speak against the amendment, stating:

"Mr. Speaker, while I have been a long-time proponent of campaign finance reform, I believe that these amendments are inappropriate for several reasons.

"First of all, I believe the amendments are making very far-reaching proposals that have not been reviewed in the context of a public hearing before any of the House Committees this session. In that respect, I believe that the submittal of these amendments for our consideration at this time is untimely and inappropriate.

"Secondly, in regards to the prohibition that these amendments would call for of corporate contributions, I would like to point out that I believe that it has been aptly demonstrated that the prohibition on corporate contributions at the federal level has resulted in the insidious growth and the influence of political action committees that make enormous contributions to political candidates within our political system in this country. Therefore, I believe that the amendment proposing to prohibit corporate contributions, while well intended, may result in a greater problem than the problem that the amendment was designed to address.

"And finally, I agree with Chair Tom that the prohibition on election activities by public workers, especially those employees who are claiming vacation or any other form of leave, would be patently unconstitutional and for all of these reasons, I believe this amendment should be voted down by this body.

"Thank you."

Representative Pendleton then rose to speak in support of the proposed amendment, stating:

"I support the floor amendment because it is much better than the bill we have before us. Of course, we would have liked to have just moved the date so that in 1999 the new rules would have gone into effect. We would gladly then have voted for H.B. 1160, HD 1.

"The reason why this particular bill, I think, is sound is that: (1) Section 5, which relates to election activities by public workers prohibited. That language has the same intent and purpose and is very much like the federal Hatch Act, and that Hatch Act has never been held unconstitutional.

"As to corporations and labor unions, we all know that it's probably a good thing to limit the influence that those kinds of special interest can have in elections. Ideally, the majority of our candidates' fundraising would come right from constituents or individual persons in a district.

"Finally, with respect to the date, again I think it is very important for us to make it clear that we are in favor of change, but change in a way that is not calculated to disproportionately impact another political party, or to calculate it to disproportionately adversely affect challengers. We are not here in the business to try to retain incumbents but to make sure that our process is fair.

"The Judiciary Chair mentioned that moving the date would be unwise because apparently we need to move forthwith immediately to address the rampant problems we have with campaign financing and campaign fundraising. It seems odd to me that he talks about needing to move quickly. The bill that we have before us -- 1160 -- the underlying bill was not introduced in the regular course of things. There was no discussion, the Campaign Spending Commission was never consulted on that matter, they were never part of it, the measure did not originate with them. The original 1160 had nothing to do with the present bill, and so if it is so necessary to have this thing go through immediately, why is it that it was so at the last minute that it came up? You know, within days of a particularly well-publicized fundraiser, which was clearly within all the rules and regulations of our State.

"I think it is bogus to argue that this particular House floor amendment is unconstitutional, especially when a number of the provisions are already in effect in other jurisdictions. Again, Section 5 relating to public workers, the federal Hatch Act is very similar. Other jurisdictions use some of this very same language. We didn't just pull this out of the air. We look at other states and what they do.

"In terms of restricting corporations and labor unions, again, you know, how can you vote against something like that? We all agree that we should limit the influence of special interest. Voting against this is just clearly a partisan effort. I really think that it is disingenuous to say that these things are constitutional when we know fair well that other states have these very same kinds of law on their books.

"Thank you, Mr. Speaker."

Representative M. Oshiro then rose to speak against the amendment, stating:

"Very briefly, Mr. Speaker, I think this is unwise, unconstitutional and unnecessary, but I am glad that there are at least one or fourteen members in this body who will be abiding by these expressions here and that from January 1, 1998, they will not be involving those who might be working for the City and County government in their candidacies, that they will not be. . .

Representative Whalen rose on a point of order and said:

"He is not addressing the issue at hand. The amendment. . .

The Chair answered:

"Well, he is addressing the date, January 1, 1998. . .

Representative Whalen said:

"Mr. Speaker, I would like to correct that what he is doing is saying that everyone who supports -- the fourteen who voted for the other amendment -- should now abide by these rules."

Representative M. Oshiro then said:

"Well, I made my point, Mr. Speaker. Thank you very much."

Representative Okamura rose to speak against the amendment, stating:

"Mr. Speaker, this is just to set the record straight and to clarify that the prior speaker alluded to the Governor's campaign having excess contributions beyond the legal limit, and I just wanted to point out that on a number of candidates, if there were inadvertent amounts in various campaigns, including that of the Maui Mayor, all of those funds have been returned.

"Thank you."

Representative Fox, in rebuttal, stated:

"The constitutionality of the last provision of this amendment is being challenged by several speakers. And I will just point out, if you read the amendment, what it says does not in any way limit your ability to contribute. What it limits is your ability to get government work if you contribute, but you are free to contribute.

"Thank you, Mr. Speaker."

Representative Kawanakoa then rose and stated:

"I would just recommend that there's always a discussion of 'unconstitutional.' Every time we want to stop something, someone can jump up and say 'unconstitutional.' It's an easy, convenient argument to raise. If it's unconstitutional, let's just let the courts overrule it, then what's the problem? Pass it."

The Chair interrupted and said:

"Will you please speak on the merits or demerits of the amendment."

Representative Kawanakoa continued, saying:

"I'm just rebutting some of the comments as to why not to pass this amendment. It is very relevant, Mr. Speaker, and I would just note that I will be calling for a roll call at the appropriate time.

"Thank you."

At this time, Representative Goodenow called for the question, seconded by Representative Takai and carried.

Representative Kawanakoa then requested a roll call vote.

The request for a roll call was put to vote by the Chair and upon a show of hands, the request was granted.

Roll call having been requested, the motion to adopt the amendment was put to vote by the Chair and failed to carry on the following show of Noes, Ayes and Excused:

Noes, 39: Representatives Abinsay, Ahu Isa, Arakaki, Cachola, Case, Chang, Garcia, Goodenow, Hamakawa, Herkes, Hiraki, Ito, Jones, Kahikina, Kanoho, Kawakami, Lee, Menor, Morihara, Morita, Nakasone, Okamura, M. Oshiro, P. Oshiro, Saiki, Santiago, Say, Stegmaier, Suzuki, Takai, Takamine, Takumi, Tarnas, Tom, White, Yamane, Yonamine, Yoshinaga and Souki.

Ayes, 12: Representatives Aiona, Fox, Halford, Kawanakoa, Marumoto, McDermott, Meyer, Moses, Pendleton, Thielen, Ward and Whalen.

Excused, None.

Representative Marumoto rose to speak against the bill, stating:

"Mr. Speaker, on Second Reading when we passed this, I thought that the Majority should be ashamed of this bill. I have never seen such a partisan bill in all my years here, and I've been here for a long time. This bill would restrict certain candidates from raising significant funds and it is patently unfair when certain incumbents have very large war chests, maybe in excess of two million dollars. In addition to a large war chest, incumbents may have a lot of things at their disposal, like a home and a limousine, photographers, staff, guards, maids and maintenance, all paid for by taxpayers. . .

The Chair interrupted and said: "You're out of order."

Representative Marumoto continued, saying:

"The Chair of Judiciary mentioned the Ethics Commission because, as you know, we are not supposed to do campaigning here. This is sort of a campaign bill, let me tell you. But across the street, at Washington Place, there are an awful lot of campaign meetings. . .

The Chair again said:

"You're out of order, Representative, and you well know it. Will you please confine yourself to the bill."

Representative Marumoto continued, saying:

"Oddly enough, it is in compliance with the Ethics Commission's [law] through a convoluted ruling that said that this was the residence of the Governor. But I just wanted to remind you that the field is really tilted, it's in favor of the incumbent. This proposed law will really make it even more unfair and tie the hands of any opponent from raising significant funds. It is a very unfair bill, it's an abomination. It is unconstitutional and it is undemocratic.

"Thank you."

Representative Garcia rose to speak in favor of the bill, stating:

"Mr. Speaker, indeed I am embarrassed and ashamed. Again, it's because this debate only serves to remind us of the length to which money has come to dominate political campaigns.

"Now, I am going to continue on with the rest of my speech here now that we're on the bill.

"With respect to so-called 'soft' money, which this bill intends to address, \$80 million was raised nationwide in 1992, and the amount of 'soft' money contributions has literally exploded to \$262 million in 1996. So far, on a national level, \$64 million has been raised. And the prediction is that in the year 2000, three quarters of a billion dollars will be raised for various campaigns.

"Mr. Speaker, 'soft' money has been at the center of most of the 1996 campaign scandals involving contributions, and the blame can be laid at the feet of the two leading political parties, both Democrats and Republicans. All this money comes at a price -- the quid pro quo works out this way. The amount of money influences decision making and here are but two examples.

"The tobacco companies poured in \$7 million to the National Republican Campaign Committee, and was it just a coincidence that the Congress. . .

Representative Kawanakoa, at this point, rose on a point of order.

The Chair said:

"You're out of order, Representative. Will you please confine yourself and don't get into. . .

Representative Garcia interrupted, saying:

"This involves the Democrats, too. I think the Minority Leader was going to be interested in hearing that as well. But 'soft' money contributions also went to Democrats on the national level and there was special interest legislation that could be traced to the Democratic Party.

"Soft' money has the potential to impose a corrupting influence on politicians. Just who was supposed to influence decision making -- the people we serve or those who can come up with millions of dollars to literally buy influence?

"There is the argument that restricting campaign dollars infringes on the First Amendment rights. This comes from an interpretation of the Supreme Court decision regarding *Buckley v. Vallejo*. However, I believe that limits on campaign contributions are constitutional. We simply cannot allow the corrupting influence money has on our politicians to continue.

"Mr. Speaker, I was going to make reference to the campaign reform measures in the Congress, but I am sure that the Minority Party might challenge me on the relevance of the issue. Well, it did. In fact, it called for a ban on 'soft' money and I regret to say that the national legislation is all but dead in the Congress.

"Mr. Speaker, there are other ways to deal with the core of the problem. Here are a few. I am not going to extend them in a floor amendment but will save it for a later date.

"We should call on the media to grant greater access to candidates, and not just with a nightly newscast. We need more electronic town meetings, which would allow both candidate and constituent to range freely over the issues, with debate and discussion lengthened to beyond the usual newscast. We should consider shortening the campaign season. Too many weeks are devoted to electro-politics and that puts pressure on politicians to constantly advertise and promote candidacies and we

should grant even stronger review and enforcement powers and resources to our official watchdogs, and in our case, the Ethics Commission and the Campaign Spending Commission.

"Thank you, Mr. Speaker, for allowing me to express my strong support for the bill."

Representative Tarnas then rose and stated:

"I would just like to note that I will vote 'yes' with reservations. This is a good bill but the effective date of the bill is not a good idea.

"Thank you very much."

Representative Morita then rose and stated:

"I rise in opposition to this bill. Good reform, bad timing gives us no credibility. Bring it up again next year."

Representative Santiago then rose and stated:

"Mr. Speaker, I would like to raise my reservations regarding this bill. I mean, we've been talking about campaign spending, and for the same reasons that Representative Tarnas had mentioned, we need to look at the date. I understand it was looked at, maybe it needs to be looked at a little closer, Mr. Speaker."

Representative Stegmaier then rose to speak against the bill, stating:

"Because of its timing, I believe this bill is unfair and it's an exercise of arrogance that I believe is uncharacteristic of the party that I have been formally affiliated with for thirty years, since the presidential campaign of 1968.

"The leaders in my party will win the next election because I am confident that they will exercise the kind of courage and statesmanlike leadership that needs to be shown in bringing us out of our economic malaise. We don't need this law to win the next election. We do need to show leadership to win the next election.

"Thank you."

Representative Morihara rose and asked the Clerk to record an aye with reservations for him, and the Chair "so ordered."

Representative Kahikina rose and asked the Clerk to register an aye with reservations for him, and the Chair "so ordered."

Representative Takai rose and asked the Clerk to register an aye with reservations for him, and the Chair "so ordered."

Representative Saiki rose and asked the Clerk to register an aye with reservations for him, and the Chair "so ordered."

Representative Hamakawa rose and asked the Clerk to register an aye with reservations for him, and the Chair "so ordered."

Representative Kawanakoa rose and stated:

"I need to clarify the record for some statements that were made. I rise in opposition to the bill before us.

"You know, it is interesting that we heard the various descriptions of what we are going to support and not

support. We have given many options through the amendments. If we wanted true reform, we could have done that. If we wanted to be fair, we could have changed the effective date. We're trying to be bipartisan and come about with a reasonable solution. This is patently unfair. It is clear we don't need to go through that discussion.

"What I did want to note was on the last reading. I mentioned that I will be running for Congress so this doesn't affect me but it affects others, so I have no conflict of interest in this matter. But I do have a conflict when I see something that is patently unfair.

"I would also like to note that at the last reading of this measure, there were a lot of statements about how we didn't want money coming from out of state, how we felt money coming from out of state was unfair, that it was 'soft' money that Representative Garcia mentioned. And maybe that is unfair to have these influences from outside of our State, but it was amazing and I need to correct the statement. I said somewhere between 60 to maybe 70 percent of the money of one of our Congressman comes from out of the State. I have to correct that about 78 percent of his total contributions come from out of the State for this election cycle. Of that, 68 percent is from political action committees. . .

At this point, Representative Takai rose on a point of order, stating:

"I think the speaker is speaking to a race or an issue that is outside the scope of this bill."

Representative Kawanakoa continued, saying:

"Thank you, Mr. Speaker, thank you for the recognition that it may not be absolutely germane to this particular issue, but it does have that impetus and that import because it was argued so vehemently at the last reading. Yet, I don't hear those arguments anymore. Could it be because I mentioned at that time that we don't have that argument before us this time?

"And for the record, even if I had the power in Congress to call out some friends and say: let's get some campaign reform to otherwise stop out-of-State contributions to candidates, I would not vote for that for this election cycle because it will be patently unfair to the man I intend to run against. And for that reason, I ask you to do what is fair and vote against this bill.

"Thank you."

At 9:51 o'clock p.m., Representative Case asked for a recess and the Chair declared a recess, subject to the call of the Chair.

The House of Representatives reconvened at 9:53 o'clock p.m.

Representative Whalen rose on a point of order and stated:

"I notice there were lots of W/Rs. It is my understanding that W/R is not allowed on Third Reading. Is that correct?"

The Chair answered:

"It is allowed, for the record, but the actual vote will be a 'yes' or a 'no'."

Representative Case then rose and stated:

"Mr. Speaker, I believe the Clerk recorded me as voting 'aye' on the Representative from Waikiki's floor amendment, and, with apologies to him, my vote was 'no'.

"Thank you."

The Chair "so ordered."

Representative Case submitted the following remarks for insertion into the Journal:

"Mr. Speaker, I rise in support of this measure, which would curb a commonly-practiced circumvention of our campaign finance laws.

"Let me be clear at the outset that I take no sides over the question of relative political motivations in advancing or objecting to this reform at this time. At the very least, the timing of this bill is unfortunate, and I would have voted against this bill had it been retroactive, as introduced, to January 1st of this year.

"But my focus is and must be not on this subsidiary concern, but on the core issue, which is the elimination of so-called 'soft-money' abuse. I will take the accomplishment of that goal when presented.

"It is important to understand clearly what we are trying to accomplish. Soft money is campaign contributions delivered to candidates indirectly which cannot legally be delivered to them directly. If a contributor has contributed the maximum allowable by law directly to a candidate but wishes to contribute more, the practice is to contribute additional monies to a third-party organization, which then makes contributions to the candidate.

"That is clearly wrong, whenever it occurs, however it occurs, and by whomever it occurs, and should be corrected as soon as possible. This bill proposes to do so, prospectively, by subjecting contributions by these third-party organizations to the same limits imposed on individual contributors.

"I also note that this bill and the questionable campaign finance practices by all political parties, both nationally and locally, which it highlights only serve to demonstrate the need for much broader campaign finance reform. In this regard, I urge my colleagues' support of S.B. 2399, SD 2, which is crossing over from the Senate today.

"That 'clean money/clean elections' proposal, a companion of which I introduced as H.B. 3117, would establish a public campaign financing pilot project for the 2002 Governor/Lieutenant Governor races. In short, candidates demonstrating a base of popular support, and who decline private contributions and agree to campaign spending limits, would be publicly funded at competitive levels. Ultimately, I believe, and as a growing number of states have agreed, this is the best and fairest way to go.

"Thank you."

The motion was put to vote by the Chair and carried, and H.B. No. 1160, HD 1, entitled: "A BILL FOR AN ACT RELATING TO ELECTIONS," passed Third Reading by a vote of 34 ayes to 17 noes, with Representatives Ahu Isa, Aiona, Arakaki, Fox, Halford, Kawanakoa, Marumoto, McDermott, Meyer, Morita, Moses, Pendleton, Stegmaier, Takumi, Thielen, Ward and Whalen voting no.

H.B. No. 2552, HD 1:

On motion by Representative Okamura, seconded by Representative M. Oshiro and carried, H.B. No. 2552, HD 1, entitled: "A BILL FOR AN ACT RELATING TO GOVERNMENT," passed Third Reading by a vote of 51 ayes.

H.B. No. 2399, HD 2:

Representative Okamura moved that H.B. No. 2399, HD 2, pass Third Reading, seconded by Representative M. Oshiro.

Representative Marumoto rose to speak against the bill, stating:

"This bill proposes to impose a tax on exempt organizations. There is no draft that has the tax increase at 1.5 percent. This House Draft has it at zero percent but it's sort of a threat that it could be anything. It could be zero but it could be four, it could be four-and-a-half. It's rather frightening.

"I am opposed to taxing exempt organizations, Mr. Speaker. Most of these organizations have been exempt from the GET and the income tax. They are given this status because they have previously been determined that they serve a public purpose. So right now, we're sort of doing it half way. It makes no sense to me to impose a GET and continue to allow freedom from the excise tax.

"I am really outraged by this bill. I'm also mad and I'm also sad that we would even contemplate taxing some of these organizations. For instance, Mutual Benefit Societies. They are entities where people have come together for their mutual benefit. HMSA is one of these organizations.

"This bill also proposes to tax nonprofit hospitals and proceeds of insurance policies, perhaps even including workers' compensation payments, amounts from annuities and gifts and inheritance and tort judgments. We are even seeking hospital revenues for the sale of what is otherwise tax-free prescription drugs and prosthetic devices. We always say: 'hey, if it moves, tax it!' The Legislature is really following that policy.

"This bill is just an effort to raise revenues for the State. Beware, the Legislature is on the prowl for general fund money. There is no good reason to impose a tax of an unspecified amount on these entities. These are nonprofit organizations and if we tax them, then the State profits. We skim it off the top.

"This measure will also raise the cost of living. If we raise the tax on something like mutual benefit societies, our health premiums will increase. If we charge a for-profit organization such as inter-island shipping, then our shipping costs will certainly rise, much to the detriment of Neighbor Islanders. All the tax-free institutions will suffer with this new tax burden. It is ill-advised now and forever. We should not use a bill to study or to decide, or to determine what entities no longer serve a public purpose. A task force or a Tax Review Commission or an interim legislative committee would be a better device to make that determination or that recommendation. Meanwhile, this bill is scaring the daylight out of the targeted nonprofits in businesses. They are scared out of their wits -- 'nervous in the service.' Undoubtedly, many of them will be able to lobby themselves out of this position but, nevertheless, it is a very bad idea. Let's file it.

"Thank you."

Representative Menor then rose and stated:

"Mr. Speaker, I just wanted to state very briefly for the record that I would be voting 'no' on this particular measure. I have always had a very strong concern about the regressive nature of the excise tax and the possibly deafening effect that an increase in the excise tax could have on our island economy.

"In regards to the previous bill that was just voted on, House Bill 2568, HD 1, I had very strong reservations to the excise tax increase proposal, and I would also like to vote against this particular measure.

"Thank you."

Additional remarks by Representative Menor are hereby inserted:

"Mr. Speaker, I would like to state for the record my opposition to H.B. 2399, HD 1, which would impose an excise tax at an undetermined rate on formerly exempt non-profit organizations such as mutual benefit societies and hospitals.

"I have serious concerns about the imposition of an excise tax on these entities because of the potential negative impact that such a measure could have on consumers and on our State's economy. I am especially concerned that the imposition of an excise tax on formerly exempt organizations could hurt small hospitals that provide important medical services to Hawaii's residents, but that are currently having a difficult time staying afloat.

"I have always been concerned about the State's reliance on the excise tax to generate revenues because of the regressive nature of the tax and the stifling effect that the imposition of such a tax may be having on our State's economic recovery. Mr. Speaker, I voted in support of a previous bill that we have just considered, H.B. 2568, HD 1, but with strong objections to the provision that would increase the excise tax based on the concerns that I have just expressed about the negative aspects of the tax.

"Accordingly, I will be voting 'no' on H.B. 2399, HD 1. Thank you."

Representative Ward rose to speak against the bill, stating:

"Mr. Speaker, earlier I referred to this bill as the 1935 tax bill that was a little too early for the genesis of the GE tax. This is the genesis of taxing the sick and the dead. It should be called the 'sick and the dead tax' because if you get sick, you're going to have to pay 1.5 percent to the hospital -- your hospitalization plan. If you have a prosthetic, you have to pay 1.5 percent and everybody is going to say: well, no, the bill's blank. Well the bill before it that was blank had 1.5 percent. Then if you die, you even get punished more, Mr. Speaker. There is a tax on the life insurance benefit, the cemetery operator, the inheritance tax, as a bequeath tax. So we've got a tax on the sick and the dead -- can you imagine that? It's clever, it's creative. It was more Machiavellian in that if you're a school or a nonprofit or a church, we just say: we're not going to tax you because we have exempted you but we want you to report your revenues. So is your revenues. So is how much money you actually have because, eventually, once we realize what 'gold mine' is there, the temptation of legislators now or in the future will be to tax the nonprofits, Mr. Speaker, of which the previous speaker alluded to have a public purpose, have a reason why they are given that exemption.

"So my fear is not only have we earned ourselves the image of being a 'tax hell' for small business, Mr. Speaker, we don't want to be the 'tax hell' for nonprofits.

We cannot suffer another name. Therefore, and in conclusion, this bill really shouldn't even be discussed publicly, and I hope that all those who see this as Machiavellian and is treading on really dangerous territory will back off and say: well, it was a nice try and it was a nice way of waking up the public, saying: well, you think this is so bad, why don't you just vote for the increase in the GE tax and we'll back off on this one. If that's it, I commend those who have offered it and I commend everyone who have thought about it. If you fake left and sucker-punch right, you'll get people to think correctly, but this as public policy is something we should entirely avoid.

"Thank you, Mr. Speaker."

Representative McDermott then rose to speak against the bill, stating:

"I will be brief, Mr. Speaker. Tax, tax, tax, tax, tax. I wouldn't be surprised, Mr. Speaker, before the night is through that there's a proposal that comes across my desk to tax people who pass gas in public.

"Thank you, Mr. Speaker."

Representative Moses then rose to speak in opposition to the bill, stating:

"First of all, I want to commend the Majority Floor Leader for on the last measure he finally endorsed 'trickle down' economics. You're finally getting it right -- thank you very much, and I would like to say that with all of these excising the exemptions for the excise tax, of course, that means we're adding new taxes and we're hurting our people further.

"I would like to use an analogy here. You know, our people are like a pack mule with a burden on its back that's just about ready to break its back. So we come along and say: 'we're here to help,' and what do we do? We climb on board.

"Thank you very much, Mr. Speaker."

Representative M. Oshiro then rose to speak in support of the bill, stating:

"I would just like to applaud the work of the Finance Committee. I think this is a very bold step. I just need to point out for the members here that they should go back and look at the reports that they have on their shelves that may be collecting dust.

"The idea for this actually is not one that came from the Chair of the Finance Committee. It's an idea that came out of the Tax Review Commission, and I believe it was both the Tax Review Commission's recommendation from two years ago, as well as eight years ago, and it was a nonpartisan body that came forth with these ideas. So I would just like to mention that to the members.

"Thank you, Mr. Speaker."

Representative Pendleton then rose to speak against the bill, stating:

"Mr. Speaker, my colleagues have clearly shown how many of the items that we are seeking to pass under this provision are inappropriate to be taxed. I share those same concerns. Let me just point out two other concerns, Mr. Speaker.

"One has to do with the taxation or the proposed taxation on compensatory damages from torts. Again, it seems absolutely inappropriate for us to go in and try and

cash in on a person's misfortune. How would you receive a compensatory damage award from a tort? Well, you're a victim. You're crossing the street, a negligent driver for example runs you over, you find out who that is, people see, you go to court, the jury says, 'yes,' the perpetrator, the tortfeasor, was negligent. They give you ten thousand dollars for your broken leg or whatever it is. And then the State shows up and tries to get a piece of the action after you've already been injured. It seems absolutely inappropriate for the State, at that kind of a time, and we could be talking about infants being killed -- all kinds of very, very serious situations where people are maimed and harmed -- and the State is showing up to cash in on a person's misfortune. I don't think that is appropriate.

"The second and final concern I have, in addition to the ones already outlined by my articulate colleague, Mr. Speaker, has to do with the very real establishment clause concerned under the federal Constitution. Our First Amendment says: 'No law shall be passed respecting an establishment of religion.' I think it's one thing for us to tax parts of churches that are engaged in for-profit activities, whether they are selling records of contemporary Christian artist, but it is another thing for us to go in and have them comply with all kinds of reporting requirements because that would seem to me to constitute an excessive entanglement which, under the Constitution, would be an establishment clause violation. So for those reasons, I am opposing this particular bill, Mr. Speaker."

Representative Case then rose in support of the bill, stating:

"More accurately, Mr. Speaker, I rise in support of the concepts that this bill embodies. The first concept is that our tax system should be fair, and nobody should get a break unless we have evaluated and decided that that break is an appropriate break for broader public policy purposes.

"As I understand it, many of these tax exemptions have come into being on a piecemeal basis over a long period of time, and I think it is appropriate to step back and evaluate whether in fact these particular entities or endeavors have moved beyond the position where they strictly deserve a tax break to the point where they may be engaging in general business activity and should be taxed like any other. I think that's a fully appropriate effort for us to go through, recognizing especially that for every person or entity that gets a break, others pay more.

"The second concept is the concept which the previous speaker alluded to, and that is that some entities should obviously continue to have that exemption. And I want to note to the previous speaker that it is very clear in my mind, in reviewing this bill, that this bill does not include 'religious, charitable, educational or scientific organizations.' They continue to be exempted. Those are the primary entities which have been letting me know of their objections; they are exempted, I think they should be exempted, and I think we should clarify to the public that they are exempted.

"And so I personally want to say, following up on some comments I make today on another bill, that I think this is an instance in which perhaps our resolve to do the right thing is evident, and I commend the Finance Chair and the Finance Committee for going through this evaluation. I think the evaluation should continue.

"Thank you."

Representative Fox rose to speak against the bill, stating:

"Mr. Speaker, I wasn't going to say anything but the Majority Floor Leader keeps inspiring me.

"The Tax Review Commission is seriously concerned about the heavy tax burden on the people of Hawaii. Both Tax Review Commissions strongly recommended that taxes be lowered, and they put their main emphasis on getting rid of the pyramiding of the general excise tax. That was where the heart of their recommendation was. Now, of course, if you are going to do across the board adjusting. . .

Representative M. Oshiro, at this point, rose on a point of order and stated:

"We are dealing with these exemptions on the general excise tax and that opinion. . .

Representative Fox continued, saying:

"Mr. Speaker, we're dealing with the Tax Review Commission raised by the Majority Floor Leader."

The Chair stated:

"Representative Fox, will you please confine yourself to H.B. 2399 or I will have to call you out of order. Please proceed."

Representative Fox continued, saying:

"The Tax Review Commission which did in fact recommend some of these readjustments was looking overall at the need for tax relief in Hawaii. So it is a perversion to point to one part of what the Tax Review Commission recommended and talk about it in isolation when it is very clear if you read the Tax Review Commission's report, that it recommends an overall reduction. So that's a very serious point.

And then on behalf of my colleague from Maunawili, I would point out to the Representative from Manoa that his concern is not about the fact that this law calls for the taxation of religious institutions, but about the fact that this bill calls for them having to report, which seems to be the first step towards possible taxation.

"Thank you, Mr. Speaker."

Representative Lee then rose and stated:

"I would like my vote on House Bill 2399 recorded with reservations," and the Chair "so ordered."

Representative Lee continued, saying:

"I am especially concerned about the effect that this bill might have on the small, nonprofit hospitals which are barely making it in the present health care environment."

Representative Suzuki then rose and stated:

"I would like to speak in favor of this bill. I wasn't going to speak but I got motivated.

"Mr. Speaker, tax experts have noted that one of the general excise tax's most desirable features is this broad base and its low rate.

"The broad base is the primary reason that the rate of taxation has remained low and stable whereas other jurisdictions find it necessary to regularly raise the sales tax rate to keep revenues going to keep up with the economy.

"Over the years, a variety of exemptions have been inserted into the general excise tax statutes. At the time of establishing each exemption, there were no doubt strong arguments in its favor. However, the increase in exemptions undermines the integrity of the tax system. Exemptions change behavior in sometimes unintended ways that impair the long-run health of the economy and reduce the levels of revenue required to fund public services valued by Hawaii residents.

"Reducing the number of exemptions has been a long-standing recommendation of tax experts and the Tax Review Commission reports. The proposal to impose a preferential rate on activities that now are exempt is a sensible move, and I am happy that the Finance Committee has been able to report out this bill.

"Thank you."

Representative Say then rose to speak in strong support of the bill, stating:

"Mr. Speaker and members of this House, the purpose of this bill was to broaden our State tax base, to level the playing field for similarly situated taxpayers out there who are paying the GET. And second, to continue the discussion on changing the State's fiscal policy, including a possible reduction of the existing four percent GET.

"I am amazed at the comments made by the Minority because this is a very sincere effort on my part. The objectives of the bill was repealing certain exemptions from the GET and imposing an unspecified preferential GET rate on those formulaes and from the GET.

"And third, in establishing a Compliance Special Fund to be used for compliance and enforcement purposes of all taxes.

"Mr. Speaker, thanks to you and Leadership and the members of this House, during this past interim, I did instruct my staff to revisit the recommendations of the 1995-1997 Tax Review Commission report. The measure before you today is in part a product of this review.

"Mr. Speaker and members, the public hearing we held on this bill served to stimulate dialogue, educate myself, the Committee members, and the public on the need to retain certain GET exemptions, and to require us to re-evaluate our social tax policies in the context of equity, fairness and our State's financial condition.

"Mr. Speaker, as you know, the current GET structure has many preferences and exemptions. Any exemption or preference that treats any one taxpayer or any class of taxpayers differently from others raises the question for me as to the equitable tax treatment they are getting since it effectively shifts one taxpayer's burden to all other taxpayers. Equity, Mr. Speaker, is important in maintaining the integrity of our tax system as the Tax Review Commission noted. The availability of preferences might cost taxpayers to lose faith and fall out of the system.

"Mr. Speaker and members, with these principles in mind, we have crafted the measure that is placed before you. I am sure that all of you will have some concerns about the particular GET exemptions that were either retained or now subject to a preferential tax rate, but I am sincere when I say truly that I appreciate your concerns and encourage continued discussion on this matter.

"Mr. Speaker and members, it is for this reason that I urge my colleagues to support passage of this bill. Also for the members, on page 2, the second paragraph of the

Standing Committee Report, it does discuss broadening the base and lowering the GET reduction.

"Thank you."

Representative Thielen then rose and stated:

"Mr. Speaker, I am rising with grave reservations about the bill. I will be voting for it at this point, but I do have grave reservations. That's not a play on words because we're going to be taxing cemeteries.

"My reservations are numerous. Let me just enumerate a few of them. First of all, I don't like passing a bill with a blank amount for a tax. I think that's kind of scary, and I think in some ways it is irresponsible. I think we should go ahead and put in an amount so the entities that are going to be affected are going to at least be able to look at it and provide meaningful testimony as the bill goes over to the Senate.

"Second, I agree with my colleague across the aisle that raised the issue about the small hospitals and imposing a tax upon them where they may barely be making it.

"Third, I don't like the reporting requirement for the nonprofits that are not included in this bill, other than that they now have to report their financials to the government. It's kind of like they said with our Social Security numbers. I think when the Social Security bill was passed way back, decades ago, they said: don't worry about it, folks, it will never be used for anything else. Pull out your driver's license, take a look at the number that is on that. So I don't really believe in those kinds of promises, saying to the nonprofits: go ahead and report, but we won't do anything with it. I think it's like Kruchev's 'pie crust promise,' Mr. Speaker, and I want to watch this bill carefully as it goes over to the Senate.

"Thank you."

Representative Yoshinaga then rose to speak in support of the bill with reservations, stating:

"When I ran for election three years ago, one of my major concerns was tax reform for our State in terms of taking a look at tax policy in total, and that is the reason that I am in support of this measure. Not necessarily that I agree that exemptions should be viewed in isolation because, frankly, I have been a proponent of many tax exemptions for particular categories and industries that will stimulate our economy. And those exemptions need to be balanced with other measures like the one we previously discussed and in terms of that total picture, I think that this body and the Finance Chair deserve credit and support in terms of bringing very controversial issues to the forefront that we so desperately need to determine for the future of Hawaii.

"And for those reasons, although I do have reservations about the particular format of this bill as well as with other tax reform measures that we have discussed tonight, I am supportive of this measure.

"Thank you."

Representative Arakaki then rose and requested a ruling on a potential conflict, saying that he is employed by a health care corporation that may be affected by this bill, and the Chair ruled "no conflict."

Representative Ward then rose and stated:

"Mr. Speaker, as a member of the Finance Committee, I feel compelled to add one piece of information, and that is: when I asked in the Finance Committee if we costed

this out at 1.5 percent, how much money are we talking about? And lest I am incorrect, Representative Say said, \$200- to \$220 million is what we're talking about. This is the biggest tax increase of this whole session. We just talked about the GET, from 4.0 to 4.5 percent. That's only \$180 million.

"If this bill goes through, it's actually the bigger of the two but yet I think we've tended to treat it as, well, it's really not that big, we're exploring it, we're educating ourselves. Mr. Speaker, this is big business. It is serious. We've got to watch this one even closer than the other one because if we actually take all the exemptions out and we tax everybody, as the Chair said, this may be enough money to lower the GET from 4 percent to 2.5 percent, so you know how much money you're setting in these places? Huge. This is a very serious bill. I urge my colleagues to nip it in the bud now while we've got it.

"Thank you, Mr. Speaker."

Representative Hiraki submitted the following remarks for insertion into the Journal:

"Mr. Speaker, I support this bill with reservations. Thank you."

The motion was put to vote by the Chair and carried, and H.B. No. 2399, HD 2, entitled: "A BILL FOR AN ACT RELATING TO THE GENERAL EXCISE TAX," passed Third Reading by a vote of 38 ayes to 13 noes, with Representatives Arakaki, Fox, Halford, Kawananakoa, Marumoto, McDermott, Menor, Meyer, Moses, Pendleton, Stegmaier, Tarnas and Ward voting no.

H.B. No. 2558, HD 1:

Representative Okamura moved that H.B. No. 2558, HD 1, pass Third Reading, seconded by Representative M. Oshiro.

Representative Tarnas rose to speak against the bill, stating:

"Mr. Speaker, I honestly believe that it is essential for us to come through with measures this year to streamline land use permitting within the State. We need to give greater responsibilities to the counties, but we must make sure that State interests are protected. This measure does not provide us with adequate assurance that State interests in agricultural land and recreational, historical, scenic and other resources will be protected.

"The counties must create for themselves enforceable mechanisms that clearly provide the mandate and the authority for the counties to carry out State interests. The State must work with the counties to develop the capability to manage these resources and there must be an appeal process to ensure compliance with State policies that can provide an overall consistency for the State. I must say, Mr. Speaker, that having the counties manage all agricultural land makes me very concerned about protecting State interests in agriculture.

"Finally, Mr. Speaker, before any transfer of land to the counties occurs, we need to have an overall review and reclassification of agricultural lands and conservation lands so that those lands that are not appropriately classified in these categories could be reclassified, perhaps to rural, for example, which very appropriately would be managed by the counties.

"Mr. Speaker, I hope to be able to support a final bill in land use reform this session, but we have a ways to go.

"Thank you, Mr. Speaker."

Representative Morita then rose to speak against the bill, stating:

"If I were the County of Kauai, the first thing I would say is: show me the money. We're dictating many planning functions to the county level with no corresponding resources. I have read this bill many times, trying to understand the logic of this measure. However, it raises more questions than answers.

"We are working on the faulty premise that the Land Use Commission process is adversely impacting our economy. Uncertainty in land use planning exists only when a developer proposes development on lands that need to be reclassified or rezoned. And that is the risk that they knowingly take. The fact is enough land has already been designated for urban development to satisfy projected growth. Between 1987 and 1996, the LUC reclassified over 19,000 acres for urban development. Of 66,000 units proposed by developers, fewer than 9,000 have been completed.

"For these reasons, I oppose the bill."

Representative Kahikina rose and stated:

"I would just ask the Clerk to enter a yes vote with reservations, please," and the Chair "so ordered."

Representative Morihara rose to speak in favor of the bill with reservations, stating:

"This bill is complex and certainly all the provisions are not yet clear to me, but certainly if it does fulfill our constitutional responsibility to do a comprehensive review and assessment of the purposes of our lands, then it is something that is long overdue. But over the years, by not doing that, we've gotten away without clearly classifying our land. We've gotten away and protected our land and ourselves to the deliberation of the Land Use Commission.

"If the proposal certainly is to, and I think we do need to look at that and streamline the process, then I think what is necessary is clear and strong guidelines to come out as to what our uses of the lands are, clear and strong guidelines for the purposes and the planning of that land, and I hope that that is the final purpose and outcome of this bill.

"Thank you."

Representative Okamura then rose to speak in support of the bill, stating:

"Mr. Speaker, Hawaii's existing land use system is duplicative, lengthy, and inefficient. As a result, it is costly, incapable of responding to economic opportunities, and creates an uncertain environment for investment. It is a significant barrier to Hawaii's economic recovery.

"The bill seeks to change this. It reduces duplication by eliminating parcel-specific State zoning while retaining a strong State role in matters of State-specific interest -- such as important agricultural lands, natural resources, cultural resources, the school system, et cetera.

"I note, Mr. Speaker, that this bill retains the State Land Use Commission to help accomplish these tasks. Specifically, the LUC will establish statewide planning and development standards, identify important agricultural lands, and review and evaluate all county land use plans.

"The bill also continues to preserve and encourage public participation in all land use processes. Direct questioning of developers and their consultants is provided for as part of a 'fact-finding procedure' that can be requested by community members, governmental agencies, advocacy groups and others.

"The bill will result in a more integrated and collaborative approach to land use regulation. In addition, this bill fulfills the constitutional mandate to identify and protect important agricultural lands -- a mandate that has gone unimplemented for nearly twenty years.

"Mr. Speaker, passage of this bill creates a land use system that is more efficient, more responsive and more certain. It cuts processing time for major projects by at least one to two years, and allows investors to better gauge the time and cost needed to obtain project approvals. It sends a loud and clear message that Hawaii is serious about changing its business environment.

"Mr. Speaker, land use reform touches all of our lives. It is reflected in the cost of our homes, where we work and play, and even the cost of things we buy. It is also a major factor in Hawaii's ability to attract new capital investment and new economic opportunities. Clearly, the benefits of land use reform will reach everyone.

"Mr. Speaker, the bill achieves land use reform without sacrificing our strong commitment to preserving the unique environmental and cultural attributes of Hawaii. By encouraging better and more cooperative land use planning between the State and the counties, I am confident that this bill will improve our quality of life while also helping Hawaii's ailing economy.

"Thank you."

Representative Meyer rose in opposition to the bill and asked the Clerk to insert the words of the Representative from Hana as her own, and the Chair "so ordered." (By reference only)

Representative Takai rose and asked the Clerk to record an aye with reservations for him, and the Chair "so ordered."

Representative Thielen rose to speak against the bill, stating:

"The Sierra Club has done a lot of work on this issue and it had to be done rather quickly because the bill was taken out of the Water and Land Use Committee and referred through to Finance Committee. The Finance Committee isn't really the subject matter Committee to deal with these issues that are so important to our State.

"A couple of the things that the Sierra Club pointed out is that the counties don't have the biological expertise to protect important natural resources. I don't think anyone here would disagree with that statement. Also, the county land use decision makers don't consider impacts on issues of statewide concern. That is of importance to all of us. Major development projects can have significant impacts on the needs to build public schools, libraries, and State highways paid for by State taxpayers, not the counties.

"We also subsidize the county sewer systems and we will end up having to make decisions, but yet not having had the ability to effect those decisions as they are made by the counties.

"I also am concerned about the input that environmental groups can have in this process. I think that there will be a rather closed door decision making,

the ability to fully question experts in a contested case kind of proceeding, may be foreclosed. I think all of those aspects do not protect our resources, our lands in the State, so for those reasons, probably many others, but the hour is late, I will be voting no on this bill.

"Thank you."

Representative Pendleton then rose and asked the Clerk to record an aye with reservations for him on this bill, and the Chair "so ordered."

Representative Case submitted the following remarks for insertion into the Journal:

"Mr. Speaker, I rise in opposition to this measure, and wish to incorporate the previous remarks of the Representatives from the 6th District (North Kona-South Kohala) and the 10th District (Upcountry Maui) as my own. (By reference only)

"Thank you."

Representative Marumoto submitted the following remarks for insertion into the Journal:

"I am voting for this measure that would end many duplicative functions that are shared by the state government and the counties.

"I am reassured that the Land Use Commission will retain jurisdiction over conservation lands. I am concerned about a conservation-zoned hillside which abuts an urban-zoned neighborhood in my House district. The slopes of Aina Koa Valley have been threatened with development several times in the past 25 years. Because of its close proximity to Kahala Mall, the area is prime for development. But primarily because of the sliding adobe soil, the Land Use Commission has not allowed a change in designation."

Representative Morita submitted the following remarks for insertion into the Journal:

"Mr. Speaker, I speak in opposition to this bill because I believe that although the intent is worthy, the legislation accomplishes nothing but confusion. Supposedly one of the major objectives of this bill is to simplify and clarify Hawaii's land use permitting process. This bill clearly does not meet this objective, since it makes the process more onerous and raises more questions than it answers.

"First, the counties have to prepare and adopt 5 year long range plans based on LUC guidelines and standards that are yet to be drafted. After the county plans are adopted, if the State believes that the plan is not in compliance with its guidelines and standards, then the only option it has open to it is the filing of a suit against the counties, an expensive and time-consuming proposition.

"In the particular instance of agricultural lands and specific zone changes, the State does not have any administrative options open to it if it disagrees with the county. For example, in the case of protecting important agricultural land, the State designates agricultural lands of importance and transmits that information to the counties. If the county disagrees, it may change these designations with a two-third's vote of its council. The State is unable to protect these important agricultural lands without a costly legal fight.

"The same is true for specifically recognizing that impact on State capital improvement projects and conservation resources of statewide significance. The bill simply requires counties to create a fact-finding process if

there are conflicts between the State and the counties in these cases.

"And the fact that the bill requires the State, through the Office of Planning, to review all county zone changes and development in no way improves the current land use permitting process.

"Unfortunately, the State is taking a step backwards with this bill and shifting the function of State 'planning' to that of State 'reaction.' It places more burden on the counties without any increase in resources that they would need to assume greater responsibility in planning.

"It appears that the bill is an amalgam of several attempts at addressing the land use processing issue without careful thought to the actual consequences, and is therefore bad legislation that does disservice to the State, counties, landowners, environmentalists, and the general public. In the future I would recommend that a proposal more in the line with H.B. 3322, which has not survived crossover, be given more consideration than what is before us today."

The motion was put to vote by the Chair and carried, and H.B. No. 2558, HD 1, entitled: "A BILL FOR AN ACT RELATING TO LAND USE," passed Third Reading by a vote of 39 ayes to 12 noes, with Representatives Arakaki, Case, Hamakawa, Lee, Menor, Meyer, Morita, Saiki, Takamine, Takumi, Tarnas and Thielen voting no.

H.B. No. 2568, HD 1:

Representative Okamura moved that H.B. No. 2568, HD 1, pass Third Reading, seconded by Representative M. Oshiro.

Representative Kawanakoa offered the following amendment to H.B. No. 2568, HD 1:

"SECTION 1. House Bill 2568 H.D.1 is amended by amending page 2, lines 9-14, to read:

'income tax relief for individuals; part III [amends the general excise tax (GET) by increasing the GET tax rate from 4 per cent to 4.5 per cent and] exempt[ing]s exported services from the GET; [part IV amends chapter 238, Hawaii Revised Statutes, by providing for the use taxation of imported services;] and part V contains other general provisions.'

"SECTION 2. House Bill 2568 H.D.1. is amended by deleting section 3 of the bill in its entirety.

"SECTION 3. House Bill 2568 H.D.1 is amended by amending section 4 page 9, line 11 of the bill to read:

'to four per cent of the costs incurred in the'

"SECTION 4 House Bill 2568 H.D.1 is amended by amending section 6, page 21, line 16, and page 25, line 20 of the bill to read as follows:

'SECTION [6.] 5. Section 235-110.7, Hawaii Revised Statutes, is amended to read as follows:

"§235-110.7 Capital goods excise tax credit. (a) There shall be allowed to each taxpayer subject to the tax imposed by this chapter a capital goods excise tax credit which shall be deductible from the taxpayer's net income tax liability, if any, imposed by this chapter for the taxable year in which the credit is properly claimed.

The amount of the tax credit shall be determined by the application of the following rates against the cost of the eligible depreciable tangible personal property used by the taxpayer in a trade or business and placed in service

within Hawaii after December 31, [1987.] 1998. For calendar years beginning after: December 31, 1987, the applicable rate shall be three per cent;] December 31, [1988,] 1998, and thereafter, the applicable rate shall be four [and one-half] per cent [, except that for the period January 1, 1993, through December 31, 2002, and for eligible depreciable tangible personal property used in a trade or business that is purchased in a county in which the county general excise and use tax surcharge is in effect and placed in service in any county the applicable rate shall be four and one-half per cent]. For taxpayers with fiscal taxable years, the applicable rate shall be the rate for the calendar year in which the eligible depreciable tangible personal property used in the trade or business is placed in service within Hawaii.

In the case of a partnership, S corporation, estate, or trust, the tax credit allowable is for eligible depreciable tangible personal property which is placed in service by the entity. The cost upon which the tax credit is computed shall be determined at the entity level. Distribution and share of credit shall be determined by rules.

In the case of eligible depreciable tangible personal property for which a credit for sales or use taxes paid to another state is allowable under section 238-3(i), the amount of the tax credit allowed under this section shall not exceed the amount of use tax[, and for the period January 1, 1993, through December 31, 2002, the amount of the county general excise and use tax surcharge,] actually paid under chapter 238 relating to such tangible personal property.

If a deduction is taken under section 179 (with respect to election to expense certain depreciable business assets) of the Internal Revenue Code of 1954, as amended, no tax credit shall be allowed for that portion of the cost of property for which the deduction was taken.

(b) [If the tax credit is claimed by a taxpayer at the rate of four and one-half per cent, and the tangible personal property is purchased in a county in which the county general excise and use tax surcharge is not effect, there shall be added to and become part of the tax liability of the taxpayer:

- (1) The amount of the tax credit claimed under this section multiplied by three; or
- (2) Ten per cent of the income tax liability for the taxable year for which the income tax return is being filed, whichever is greater.]

If the capital goods excise tax credit allowed under subsection (a) exceeds the taxpayer's net income tax liability, the excess of credit over liability shall be refunded to the taxpayer; provided that no refunds or payment on account of the tax credit allowed by this section shall be made for amounts less than \$1.

All claims for tax credits under this section, including any amended claims, must be filed on or before the end of the twelfth month following the close of the taxable year for which the credits may be claimed. Failure to comply with the foregoing provision shall constitute a waiver of the right to claim the credit.

(c) Application for the capital goods excise tax credit shall be upon forms provided by the department of taxation.

(d) Sections 47 (with respect to dispositions of section 38 property and the recapture [per centages]) percentages of the Internal Revenue Code of 1954, as amended, as of December 31, 1984, and 280F as operative for this chapter (with respect to limitation on investment tax credit and depreciation for luxury automobiles; limitation where certain property used for personal purposes) of the Internal Revenue Code of 1954, as amended, shall be operative for purposes of this section.

(e) As used in this section, the definition of section 38 property (with respect to investment in depreciable tangible personal property) as defined by section 48(a) (1)(A), (a)(1)(B), (a)(3), (a)(4), (a)(7), (a)(8).

(a)(10)(A), (b), (c), (f), (1), (m), and (s) of the Internal Revenue Code of 1954, as amended as of December 31, 1984, is operative for the purposes of this section only.

As used in this section:

"Cost" means (1) the actual invoice price of the tangible personal property, or (2) the basis from which depreciation is taken under section 167 (with respect to depreciation or from which a deduction may be taken under section 168 (with respect to accelerated cost recovery system) of the Internal Revenue Code of 1954, as amended, whichever is less.

"Eligible depreciable tangible personal property" is section 38 property as defined by the operative provisions of section 48 and having a depreciable life under section 167 or for which a deduction may be taken under section 168 of the federal Internal Revenue Code of 1954, as amended.

"Placed in service" means the earliest of the following taxable years:

- (1) The taxable year in which, under the:
 - (A) Taxpayer's depreciation practice, the period for depreciation; or
 - (B) Accelerated cost recovery system, a claim for recovery allowances; with respect to such property begins; or
- (2) The taxable year in which the property is placed in condition or state of readiness and availability for specifically assigned function.

"Purchase" means an acquisition of property.

"Tangible personal property" means tangible personal property which is placed in service within Hawaii after December 31, [1987,] 1998, and the purpose or importation of which resulted in a transaction [which] that was subject to the imposition and payment of tax at the rate four [and one-half] per cent[, except that for the period January 1, 1993, through December 31, 2002, and if the county general excise and use tax surcharge is in effect the tax rate shall be four and one-half per cent,] under chapter 237 or 238. "Tangible personal property" does not include tangible personal property which is an integral part of a building or structure or tangible personal property used in a foreign trade zone, as defined under chapter 212.

"SECTION 5. House Bill 2568 H.D.1 is amended by deleting section 7, of the bill in its entirety in order to restore the food tax credit under section 235-55.8.

"SECTION 6. House Bill 2568 H.D.1 is amended by amending section 8, page 28, line 19 through page 29 line 14 of the bill to read as follows:

'PART III

SECTION [8], 6. [Sections 10, 11, 12, 13 and 17 of this Act amend existing statutes to provide for a new GET rate of 4.5 per cent applicable to taxable periods beginning after December 31, 1998. The increase in the GET is to shift taxation away from income and production and on to consumption. It also partially compensates for the revenue loss anticipated from the ERTF recommendation to reduce personal income tax rates.] Section 16 amends section 237-16.5, Hawaii Revised Statutes, to increase the sublease deduction to account for the new GET rate.

[Sections 14 and 15 repeal portions of the law that reference the 4 percent rate and are inoperative.] Section 25 of the Act repeals section 238-2.5, Hawaii Revised Statutes, relating to the county general excise and use tax surcharge that is inoperative because the county did not adopt an ordinance providing for a tax surcharge by October 1, 1992, as required by section 46-16.7, 237-29.6, Hawaii Revised Statutes, relating to an exemption for exported computer services, which is duplicative of section 9 of this Act that exempts all exported services from the GET.]

"SECTION 7. House Bill 2568 H.D.1 is further amended by deleting sections 10, 11, 12, 13, 14, 15, and 17, page 30, line 20 through page 54, line 14 and page 55, line 13 through page 72, line 16, and renumbering the remaining sections to read:

'SECTION [16.] 8. Act 353, Session Laws of Hawaii 1997, is amended by amending subsection (g) of the section established in section 2 of the Act to read as follows:

(g) After allocation under subsection (c), if necessary, the deduction under this section shall be allowed from the gross proceeds or gross income of the lessee received from its sublease in an amount calculated by multiplying the gross proceeds or gross income paid by the lessee to its lessor for the lease of the real property by the following amount:

- (1) [In calendar year] For October, November, and December of 1998, .125;
- (2) In calendar year 1999, [.25;] .254
- (3) In calendar year 2000, [.375;] .381
- (4) In calendar year 2001, [.50;] .508;
- (5) In calendar year 2002, [.625;] .635;
- (6) In calendar year 2003, [.75;] .762; and
- (7) In calendar year 2004, and thereafter, [.875.] .889.

The amount calculated under paragraphs (1) to (7) shall be deducted by the lessee from the lessee's total reported gross proceeds or gross income. The deduction allowed by this subsection may be taken by the fiscal and calendar year lessees.

'PART IV

SECTION [18.]9. Part IV imposes a use tax on services that are performed outside of Hawaii, but consumed in-state. The legislature finds that imposing a use tax on services imported for use in the State levels the playing-field between out-of-state sellers and local sellers of services. Sections 19 to 24, provide for the use taxation of imported services. Because the use tax is a complement to the GET, section 20 of this Act amends the top use tax rate from 4 to 4.5 per cent. Section 25 repeals section 238-2.5, Hawaii Revised Statutes, relating to the county general excise and use tax surcharge, which is a deadwood provision.

SECTION [19.] 10. Section 238-1, Hawaii Revised Statutes is amended as follows:

1. By adding a new definition to read as follows:

"Services" means all activities engaged in by a service business or calling, the practice of a profession, or other business for other persons for a consideration which involve the rendering of a service, as distinguished from the sale of tangible personal property or the production and sale of tangible property. "Services" do not include services rendered by an employee to the employee's employer."

2. By amending the definition of "price" to read as follows:

"Price" means the total amount for which tangible personal property [is] or services are purchased, valued in money, whether paid in money or otherwise, and wheresoever paid, provided that cash discounts allowed and taken on sales shall not be included."

3. By amending the definitions of "purchase" and "sale", "purchaser", "representation", and "seller" to read as follows: "Purchase" and "sale" mean and refer to any transfer, exchange, or barter, conditional or otherwise, in any manner or by any means, wheresoever consummated, of tangible personal property or services for a consideration.

"Purchaser" means any person purchasing property or services and "importer" means any person importing property[;] or [5] services; provided that the term "purchaser" and "importer" shall not include the State, its political subdivisions, or wholly owned agencies or

instrumentalities of the State or a political subdivision; or the United States, its wholly owned agencies or instrumentalities, or any person immune from the tax imposed by this chapter under the Constitution and laws of the United States but the terms shall include national banks.

"Representation" refers to any or all of the following:

- (1) A seller being present in the State;
- (2) A seller having in the State a salesperson, commission agent, manufacturer's representative, broker, or other person who is authorized or employed by the seller to assist the seller in selling property or services for use or consumption in the State, by procuring orders for the sales, making collections or deliveries, or otherwise; and
- (3) A seller having in the State a person upon whom process directed to the seller from the courts of the State may be served, including the director of commerce and consumer affairs and the deputy director in the cases provided in section 415-14. "Seller" means any person engaged in the business of selling tangible personal property [,] or services, wheresoever engaged, but does not include the United States of its wholly owned agencies or instrumentalities other than national banks, the State or a political subdivision thereof, or wholly owned agencies or instrumentalities of the State or a political subdivision.
- (4) By amending the definition of "use" to read as follows: "Use" (and any noun, verbal, adjective, adverbial, and other equivalent form of the term) herein used interchangeably means any use, whether the use is of such nature as to cause the property or services to be appreciably consumed or not, or the keeping of the property or services for such use or for sale, and shall include the exercise of any right or power over tangible or intangible personal property incident to the ownership of that property, but the term "use" shall not include:
 - (1) Temporary use of property, not of a perishable or quickly consumable nature, where the property is imported into the State for temporary use (not sale) therein by the person importing the same and is not intended to be, and is not, kept permanently in the State (as for example without limiting the generality of the foregoing language: (A) in the case of a contractor importing permanent equipment for the performance of a construction contract, with intent to remove, and who does remove, the equipment out of the State upon completing the contract; (B) in the case of moving picture films imported for use in theaters in the State with intent or under contract to transport the same out of State after completion of such use; (C) in the case of a transient visitor importing an automobile or other belongings into the State to be used by the transient visitor while therein but which are to be used and are removed upon the transient visitor's departure from the State);
 - (2) Use by the taxpayer of property acquired by the taxpayer solely by way of gift;
 - (3) Use which is limited to the receipt of articles and the return thereof, to the person from whom acquired, immediately or within a reasonable time either after temporary trial or without trial;
 - (4) Use of goods imported into the State by the owner of a vessel or vessels engaged in interstate or foreign commerce and held for and used only as ship stores for the vessels;
 - (5) The use or keeping for use of household goods, personal effects, and private automobiles imported into the State for nonbusiness use by a person who (A) acquired them on another state,

territory, district, or country, (B) at the time of the acquisition was a bona fide resident of another state, territory, district, or country, (C) acquired the property for use outside the State, and (D) made actual and substantial use thereof outside this State; provided that as to an article acquired less than three months prior to the time of its importation into the State it shall be presumed, until and unless clearly proved to the contrary, that it was acquired for use in the State and that its use outside the State was not actual and substantial;

- (6) The leasing or renting of any aircraft or the keeping of any aircraft solely for leasing or renting to lessees or renters using the aircraft for commercial transportation of passengers and goods;
- (7) The use of oceangoing vehicles for passenger or passenger and goods transportation from one point to another within the State as a public utility as defined in chapter 269; and
- (8) The use of material, parts, or tools imported or purchased by a person licensed under chapter 237 which are used for aircraft service and maintenance, or the construction of an aircraft service and maintenance facility as those terms are defined in section 237-24.9;

With regard to purchases made and distributed under the authority of chapter 421, a cooperative association shall be deemed the user thereof.'

"SECTION 8. House Bill 2568 H.D.1 is amended by amending section 20, page 78, line 12, page 81, line 3, and page 82, line 4, to read as follows:

'SECTION [20.] 11. Section 238-2, Hawaii Revised Statutes, is amended to read as follows:

§238-2 Imposition of tax; exemptions. (a) There is hereby levied an excise tax on the use in this State of tangible personal property which is imported, or purchased from an unlicensed seller, for use in this State. The tax imposed by this chapter shall accrue when the property is acquired by the importer or purchaser and becomes subject to the taxing jurisdiction of the State. The rates of the tax hereby imposed and the exemptions thereof are as follows:

- (1) If the importer or purchaser of property is licensed under chapter 237 and is (A) a wholesaler or jobber importing or purchasing for purposes of resale, or (B) a manufacturer importing or purchasing material or commodities which are to be incorporated by the manufacturer into a finished or saleable product (including the container or package in which the product is contained) wherein it will remain in such form as to be perceptible to the senses, and which finished or saleable product is to be sold in such manner as to result in a further tax on the activity of the manufacturer as the manufacturer or as a wholesaler, and not as a retailer, there shall be no tax, provided that if the wholesaler, jobber, or manufacturer is also engaged in business as a retailer (so classed under chapter 237), paragraph (2) shall apply to the wholesaler, jobber, or manufacturer, but the director of taxation shall refund to the wholesaler, jobber, or manufacturer, in the manner provided under section 231-23 (c) such amount of tax as the wholesaler, jobber, or manufacturer shall, to the satisfaction of the director, establish to have been paid by the wholesaler, jobber, or manufacturer to the director with respect to property which has been used by the wholesaler, jobber, or manufacturer for the purposes stated in this paragraph.

- (2) If the importer or purchaser of property is licensed under chapter 237 and is (A) a retailer or other person importing or purchasing for purposes of resale, not exempted by paragraph (1), or (B) a manufacturer importing or purchasing material or commodities which are to be incorporated by the manufacturer into a finished or saleable product (including the container or package in which the product is contained) wherein it will remain in such form as to be perceptible to the senses, and which finished or saleable product is to be sold at retail in this State, in such manner as to result in a further tax on the activity of the manufacturer in selling such products at retail, or (C) a contractor importing or purchasing material or commodities which are to be incorporated by the contract into the finished work or project required by the contract and which will remain in such finished work or project in such form as to be perceptible to the senses, the tax shall be one-half of one per cent of the purchase price of the property, if the purchase and sale are consummated in Hawaii; or, if there is no purchase price applicable thereto, or if the purchase or sale is consummated outside of Hawaii, then one-half of one per cent of the value of such property.
- (3) In all other cases, four [and one-half] per cent of the value of the property.
- (b) There is hereby levied an excise tax on the use in this State of services which are imported, or purchased from an unlicensed seller. The tax imposed by this chapter shall accrue when the services are received by the importer or purchaser and become subject to the taxing jurisdiction of the State. The rates of the tax hereby imposed are as follows:
- (1) If the importer or purchaser of the services is a contractor (as defined in section 237-6 and subject to tax under section 237-13(3)) who imports the services of an out-of-state contractor, so much of the value of services performed by the out-of-state contractor and received by the contractor shall be subject to tax at the rate of zero per cent.
- (2) If the importer or purchaser of the services is engaging or continuing within the State in any service business or calling, or other business who, in fact, acts as or acts on the nature of an intermediary between the seller and the ultimate recipient of the benefits of the services, so much of the value of the services as is received by the purchaser or importer shall be subject to the tax at the rate of one-half of one per cent.
- (3) In all other cases, four [and one-half] per cent of the value of the services received.
- "SECTION [21.] 12. Section 238-3, Hawaii Revised Statutes, is amended as follows:
- (1) By amending subsections (a) to (d) to read as follows:
- "(a) the tax imposed by this chapter shall not apply to any property[,] or services, or to any use of the property[,] or services, which cannot legally be so taxed under the Constitution or laws of the United States, but only so long as, and only to the extent to which the State is without power to impose the tax.
- Any provision of law to the contrary notwithstanding, exemptions or exclusions from tax under this chapter allowed on or before April 1, 1978 under the provisions of the Constitution of the United States or an act of the Congress of the United States to the persons or common carriers engaged in interstate or foreign commerce, or both, whether ocean-going or air, shall continue undiminished and be available thereafter.
- (b) The tax imposed by this chapter shall not apply to any use of property or services the transfer of which property or services to, or the acquisition of which by, the

person so using the same, has actually been or actually is taxed under chapter 237.

(c) The tax imposed by this chapter shall be paid only once upon or in respect of the same property[,] or services; provided that nothing in this chapter contained shall be construed to exempt any property or services or the use thereof from taxation under any other law of the State

(d) The tax imposed by this chapter shall be in addition to any other taxes imposed by any other laws of the State, except as otherwise specifically provided herein; provided that if it be finally held by any court of competent jurisdiction, that the tax imposed by this chapter may not legally be imposed in addition to any other tax or taxes imposed by any other law or laws with respect to the same property or services or the use thereof, then this chapter shall be deemed not apply to the property or services and the use thereof under such specific circumstances, but such other laws shall be given full effect with respect to the property or services and use."

2. By amending subsections (i) and (j) to read as follows:

"(i) Each taxpayer liable for the tax imposed by this chapter on tangible personal property or services shall be entitled to full credit for the combined amount or amounts of legally imposed sales or use taxes paid by the taxpayer with respect to the same transaction and property or services to another state and any subdivision thereof, but such credit shall not exceed the amount of the use tax imposed under this chapter on account of the transaction and property[,] or services. The director of taxation may require the taxpayer to produce the necessary receipts or vouchers indicating the payment of the sales or use tax to another state or subdivision as a condition for the allowance of the credit.

(j) The tax imposed by this chapter shall not apply to any use of property or services exempted by section 237-26 or section 237-29."

"SECTION [22] 13. Section 238-5, Hawaii Revised Statutes, is amended by amending subsection (a) to read as follows:

"(a) On or before the last day of each calendar month, any person who has become liable for the payment of a tax under this chapter during the preceding calendar month in respect of any property or services or the use thereof, shall file a return with the assessor of the taxation district in which the property was held or the services were received when the tax first became payable, or with the director of taxation at Honolulu, setting forth a description of the property or services and the character and quantity thereof in sufficient detail to identify the same or otherwise in such reasonable detail as the director by rule shall require, and the purchase price or value thereof as the case may be. The return shall be accompanied by a remittance in full of the tax, computed at the rate specified in section 238-2 upon the price or value so returned. Any tax remaining unpaid after the last day following the end of the calendar month during which the tax first became payable shall become delinquent; provided that a receipt from a seller required or authorized to collect the tax, given to a taxpayer in accordance with section 238-6, shall be sufficient to relieve the taxpayer from further liability for the tax to which the receipt may refer, or for the return thereof."

"SECTION [23.] 14. Section 238-6, Hawaii Revised Statutes, is amended by amending subsection (a) to read as follows:

"(a) For purposes of the taxes due under [sections 238-2(3) and 238-2.5] section 238-2, every seller having in the State, regularly or intermittently, any property, tangible or intangible, any place of business, or any representation as hereinabove defined, (and irrespective of the seller having or not having qualified to do business in the State) shall, if the seller makes sales of property or services for use in the State (whether or not the sales are

made in the State) collect from the purchaser the taxes imposed by [sections 238-2(3) and 238-2.5] section 238-2, on the use of the property or services so sold by the seller. The collection shall be made within twenty days after the accrual of the tax or within such other period as shall be fixed by the director of taxation upon the application of the seller, and the seller shall give to the purchaser a receipt therefor in the manner and form prescribed by the director; provided that this subsection shall not apply to vehicles registered under section 286-50.'

"SECTION [24.] 15. Section 238-9, Hawaii Revised Statutes, is amended to read as follows:

'**§238-9 Records.** Every person who is engaged in any business in the State and who is required under this chapter to make returns, shall keep in the English language in the State and preserve for a period of three years, books of account or other records in sufficient detail to enable the director of taxation, as far as reasonably practicable, to determine whether or not any taxes imposed by this chapter are payable in respect of the property or services concerned, and if so payable, the amount thereof.'

"SECTION [25.]16. Section 238-2.5, Hawaii Revised Statutes, is repealed.

['**§238-2.5 County general excise and use tax surcharge; administration.** (a) the county general excise and use tax surcharge, upon the adoption of a county ordinance under section 46-16.7, shall be levied, assessed, and collected as provided in this section on the value of property taxable under this chapter at the four per cent tax rate under section 238-2(3) in a manner that the combined state use tax and the county general excise and use tax surcharge shall be four and one-half per cent in those counties adopting the surcharge. All provisions of this chapter shall apply to the county general excise and use tax surcharge. With respect to the surcharge, the director shall have all the rights and powers provided under this chapter. In addition, the director of taxation shall have the exclusive rights and power to determine the county or counties in which a person imports or purchases tangible personal property and, in the case of a person importing or purchasing tangible property in more than one county, the director shall determine through apportionment or other means, that portion of the general excise and use tax surcharge attributable to the importation or purpose in each county.

(b) Each county general excise and use tax surcharge shall be levied as of January 1, 1993, and shall continue for a period of ten years through December 31, 2002, or until earlier repealed.

(c) No county general excise and use tax surcharge shall be established upon any use taxable under this chapter at the one-half per cent tax rate or upon any use that is not subject to taxation or that is exempt from taxation under this chapter.

(d) The director of taxation shall revise the use tax forms to provide for the clear and separate designation of the imposition and payment of the county general excise and use tax surcharge.

The taxpayer shall designate the taxation district to which the county general excise and use tax surcharge is assigned in accordance with rules adopted by the director of taxation under chapter 91. The taxpayer shall file a schedule with the taxpayer's periodic and annual general excise and use tax returns summarizing the amount of taxes assigned to each taxation district.

The penalties provided by section 231-39 for failure to file a tax return shall be imposed on the amount of surcharge due on the return being filed for the failure to file the schedule required to accompany the return. In addition, there shall be added to the tax an amount equal to ten per cent of the amount of the surcharge and tax due on the return being filed for the failure to file the schedule or the failure to correctly report the assignment of the use tax by taxation district on the schedule required under this subsection.

(e) All taxpayers who file on a fiscal year basis whose fiscal year ends after December 31, 1992, or after December 31, 2002, shall file a short period annual return for the period preceding January 1, 1993, or preceding January 1, 2003. Each fiscal year taxpayer shall also file a short period annual return for the period starting after December 31, 1992, and ending before January 1, 1994, and for the period starting after December 31, 2002, and ending before January 1, 2004.

All monthly, annual, and amended returns due under this chapter for any period preceding January 1, 2003, which are submitted to the department after December 31, 2002, shall include in payments submitted with the return any county general excise and use tax surcharge that may be due for the period preceding January 1, 2003.']

"SECTION 9. House Bill 2568 H.D.1 is amended by deleting section 26 of the bill in its entirety.

"SECTION 10. House Bill 2568 H.D.1 is amended to:

'SECTION [27.] 17. Statutory material to be repealed is bracketed. New statutory material is underscored.

SECTION [28] 18. This Act shall take effect upon its approval, provided that:

(1) Part II of this Act shall apply to taxable years beginning after December 31, 1998; provided that if a taxpayer's taxable year includes the effective date of the tax rate changes (unless that date is the first day of the taxable year), then:

(A) The tentative taxes shall be computed by applying the rate for the period before the effective date change, and the rate for the period on and after that date, to the taxable income for the entire year; and

(B) The tax for the taxable year shall be the sum of that proportion of each tentative tax which the number of days in each period bears the number of days in the entire taxable year;

(2) Part III of this Act shall apply to gross receipts received after December 31, 1998, and at all times thereafter, unless the amounts are received pursuant to a binding written contract entered into before July 1, 1998, that does not provide for the passing on of tax, increased until the contract is renegotiated, renewed, extended, or otherwise amended; except that section 16 shall take effect upon approval and apply to taxable periods beginning after September 30, 1998;

(3) Part IV of this Act shall apply to taxable periods beginning after December 31, 1998 [; and

(4) Section 26 of this Act shall take effect on July 1, 1998.']

"SECTION 11. House Bill 2568 H.D.1 is amended by renumbering the sections of the bill, as appropriate, to conform to the above amendments."

Representative Kawananakoa moved that the amendment be adopted, seconded by Representative Pendleton.

Representative Kawananakoa rose to speak in support of the amendment, stating:

"It's been a long day. I commend my colleagues for hanging in for so long.

"Mr. Speaker, I speak in favor of the amendment. Before I address my remarks for today, I wanted to refer to some of the remarks that were given on our last reading, on Friday, with regard to this measure. If I had noted at that time, there was some discussion with regard to polls, and there was a statement that 52 percent of our public approves of this general excise tax increase. You know, it's interesting. When I listen to the poll and the way the question was couched, it was to the effect that 52

percent of the people supported the following question, and the question went something like this: 'Would you be opposed, in favor, or indifferent to a law, if passed, the greatest or the largest tax reduction in the history of Hawaii, and had some reduction in duplication in government, and an increase of 19 percent of their excise tax?' If you ask me, that's a pretty biased question. And if I were on the telephone and didn't really understand the ERTF or the Governor's Task Force proposals, I'd say, 'yes,' I'm in favor of that -- the greatest tax reduction in the history of Hawaii.' I think that poll is fatally flawed because the other side to that question should have been: 'Are you opposed to the greatest tax increase in the State of Hawaii's history?' Then, I think that question might be better balanced. So I think the poll is a bit faulty to begin with. That's one.

"Number two. The Majority Floor Leader asked for us to give our cuts and intimated that we didn't give a plan, that we were just being here negative and throwing out dispersions. Well, Mr. Speaker, for the benefit of my colleagues, I've distributed our plan -- our plan with our tax reductions, with the attrition, and I suspect it is on your desks, and I would ask you to take a look at it, because we went through it in detail where we could come up with the tax cuts that would be necessary to excise the excise tax.

"I'm speaking in support of this proposed amendment because this amendment does just that and it lays it out before us, step by step. As you know, the previous question was moved last Friday evening and we were prohibited or precluded from discussing the challenge that was put to us. Mr. Speaker, I even went to you to ask your guidance on how we could otherwise get rid of this general excise tax. You said: 'Show me the cuts, show me the cuts and we'll do it.' Well, I've showed you the cuts. And what's really interesting is that the Honolulu Advertiser, in this morning's paper, has shown the people of Hawaii the cuts. If you take a look at the Island Voices section, they printed basically what is before my colleagues. More important, it was under my name but it was our Caucus' opinion. It's what we believe and the ways we can reduce government cost, to find the tax savings so that we can give it back to our people. I believe we substantiated how we can make these cuts to Hawaii.

"What was important for me also, Mr. Speaker, is discussed in today's remarks. Either we have lost sight of what we're trying to accomplish with the ERTF. The number one goal was to create jobs and to stimulate the economy. It seems that we're bringing down the reductions in income taxes so we don't have to increase the general excise tax as much. In the end, there's almost a net zero stimulus to the economy, so we're not going to revitalize our economy. The overall objective of this plan to begin with, I have a problem with that. It may sound good for the budget but it doesn't sound good for our people, it doesn't sound good for our State.

"Once again, I have to make it perfectly clear. Your Minority Caucus is in favor of 90 to 95 percent of the Economic Revitalization Task Force's recommendations. We have been in support of many of the recommendations -- the UH autonomy, streamlining government regulations, privatization, elimination of the duplication between State and County agencies, the reduction of income taxes. We agree, we have been in agreement on these for years. We have been advocating these changes -- corrective measures in government -- for years now.

"The problem we have is with the increase in the general excise tax. We are steadfast and we will not vote for an increase in the general excise tax because it will hurt our economy, it will hurt our working families, and

there is another alternative. Very simply, the Governor's plan wants to reduce income taxes and he wants to pay for it by increasing the general excise taxes -- almost a net wash. I ask: where's the stimulus?

"Our plan and what this amendment offers is to reduce income taxes. Yes, we agree, but pay for it not by increasing the general excise tax, but by reducing government -- the cost of government -- and we're calling for it through attrition. It is my understanding that four thousand people leave government employment every year -- four thousand! Imagine, if we just didn't rehire three thousand out of the four thousand. We left one thousand positions for rehires of teachers, maybe social workers, or someone who is indispensable in government. That still leaves us three thousand jobs with which we can reduce the cost of government. That equates to \$135 million that is laid out before you under the Republican plan. We've also given you a 'laundry' list of ten examples of other areas where you could find the cost saving measures to meet our objective of not raising the general excise tax. It is before us, it is possible.

"Mr. Speaker, I'm going to finish by calling attention to our newspapers. We have all been reading the newspapers, I hope. Banner, front page headlines, day in and day out, of jobs being lost in the private sector. Wednesday, March 4th, Hawaii Jobs Take More Hits -- Amfac, Queens lead the list of latest 'bad news' for workers: 413 for Amfac, 160 for Queen's Medical Center. Wednesday, February 18th, Hawaii Losing 670 Jobs. . .

At this point, Representative Whalen rose and yielded his time to Representative Kawanakoa.

Representative Kawanakoa thanked the Chair and continued, saying:

"Bank of Hawaii, Liberty House planning cuts. Bank of Hawaii 550 jobs, Liberty House 170. Even the Hawaii Newspaper Agency who is printing these headlines has had to reduce its work force by 20 to 40 employees. Take a look at Foodland, another 135 employees and three stores. Take a look at Island Insurance, 31; Finance Factors, 34 more jobs; Japan Airlines, 57 jobs; Navy Shipyard, 464 jobs; Kelly's Coffee Shop, 65 jobs; Maui Garden and Hardware, another 35 jobs; 630 more local businesses to shut down. This is 60 percent over last year's record-breaking number of 395 bankruptcies, or out of business -- local shops and stores.

"Mr. Speaker, we can look not only to the private sector, but to government itself. City and County of Honolulu to cut 335 jobs. Speaking with Bishop Dilorenzo, he noted to me that the Catholic Diocese of Honolulu has had a job freeze for the last three years, I believe, and perhaps a cutback through attrition to get a third of their administration. You know, the Catholic Diocese, they have a hearing themselves where they call together all the churches and they say: we're in trouble, we're over budget by a million dollars. . .

The Chair interrupted and said:

"Excuse me, Representative, I think you're straying from the amendment to H.B. 2568. The Chair has been very, very liberal in allowing you to expand beyond the amendment so please confine your remarks to the amendment."

Representative Kawanakoa thanked the Chair and continued, saying:

"Mr. Speaker, my point is that attrition is something that the private sector, other government entities, even

our nonprofit organizations, have been using effectively to reduce their cost so that they can continue to operate and provide the essential, critical services that they deem most important.

"Now, here we are in State government. While I understand there may be a hundred jobs lost through all of this ERTF and tax proposals, our plan would provide for three thousand jobs. It makes sense. It's time for government, Mr. Speaker, to tighten its belt and lessen some of the economic problems that Hawaii is experiencing.

"I am going to conclude now, Mr. Speaker, and I do appreciate your allowing me to perhaps take a little liberty with this amendment in explaining some of my rationale behind it which, you know, other jurisdictions have done just what we are expressing. We are no rocket scientists, we are no great economic gurus, but we took a look at other jurisdictions such as California that took it upon themselves to reduce government, cut taxes, and stimulate their economy. Today, instead of losing, as we have over the last couple of weeks 2,140 jobs, California creates over one thousand new jobs every day. Mr. Speaker, it can be done. We have an obligation to do what is right.

"Thank you, Mr. Speaker."

Representative Say then rose to speak against the amendment, stating:

"Mr. Speaker and members of this House, I want to say 'thank you very much' to the Republicans for giving me this particular forum this afternoon. The four Minority members of the Finance Committee did have an opportunity of going through this proposal that the GOP is submitting to all of us. I can respect the numbers, as far as what they have in the proposal, but I question the numbers, when I say what percentage of these numbers of employees are general funded positions, what number of these positions are special funded positions. I question what numbers are tied to the trust funds and revolving funds, Mr. Speaker and members of this House, because to tell you the truth, the Committee on Finance and its staff did a thorough investigation of the general funded positions of the past three years. For fiscal year 1994-96, there was a total, as far as separation from government and general funds 2,077 positions, or a savings of \$68 million. For fiscal year 1995-96, position counts of attrition for general funded positions 1,389, and for 1996-97 1,049 of general funded positions. This issue was brought up in the Finance Committee with all seventeen members there. To talk about a savings of \$135 million, that's counting mathematics. With all I have now for the last fiscal year is a total of \$31,891,260 in general funds. Where do you come up with this kind of figure of a \$135 million when the attrition for last year was 1,049 positions. . .

At this point, Representative McDermott rose on a point of order and asked:

"Is the speaker speaking to the amendment or talking about the budget or general fund?"

The Chair answered:

"The speaker is speaking to the amendment relative to this amendment."

Representative Say continued, saying:

"I'm speaking to the attrition -- \$135 million in general funds you are talking about. . .

Representative McDermott then asked:

"We are debating the amendment, are we, Mr. Speaker?"

The Chair answered:

"We are debating and this is part of the amendment. This is the rationale for your amendment."

Representative Say continued, saying:

"Let's be honest with the public at large out there. The Minority members of the Finance Committee heard from the Chair and the Majority that we agreed with a lot on the next page of \$45 millions in savings in coming up with the \$180 million. I can go one by one to say this: collect half of the uncollected traffic fines, I agree wholeheartedly with you. And in the supplemental request of the Attorney General's office, they asked for twelve positions for the Collections Unit. Why? Because in 1995, we passed a bill where it became a civil rather than a criminal case. The individuals out there are smirking at the law that we have on the books because nobody is collecting the fines and the violations. For those of us who were here, I am very much concerned when the Auditor came out with the report that the Judiciary has not been collecting their fines and forfeitures and restitution of over \$35 million. Are we going to do it now, to collect this \$14 million when I didn't agree with the Attorney General's office in getting this Collections Unit started? That is not being honest to the press and the public at large.

"You know many PR spokespersons -- yes, this Committee did. To reduce their trouble, we load the \$5 million based on the concerns of the respective departments that do inter-island trips in providing services to our residents of the State of Hawaii -- Public Safety, Department of Human Services, Department of Health. Are we just going to cut out all the travel? Let's be real. It is easy to put \$5 million up in the proposal, Mr. Speaker and members of this House.

"Publish one consolidated annual report per year. I told the staff this has to do with the PTV. . .

At this point, Representative Abinsay rose and yielded his time to Representative Say.

Representative Say thanked the Chair and continued, saying:

"Nobody looks at the PTV -- our variance reports.

"Evacuate the Hemmeter Place. I don't know what the lease agreement was when the Department of Budget and Finance signed their lease agreement once more to stay there. But I can say this, this Committee, during the past six years, has asked the Department of Accounting and General Services: you cut back on your office leasing. And in this year's budget, it reflects a \$1.9 million cut of office leasing. Where did this savings come from, Mr. Speaker? It's because of the support of all this body in the development of the Second City of Kapolei that five departments are going to be relocated to the new Civic Center.

"Privatize State collections. For those on the Finance Committee, you folks realize the Department of Taxation has come in and has granted them a performance-based contract in privatizing collections.

"Retire State vehicles and pay employees mileage for use of personal vehicles. What happens if the State employee does not have a vehicle to do his or her service

in a child protective case at a home? Do we just tell them to catch the bus?

"Cut back in office supplies. For the Minority, they saw the cuts in the legislative adjustments in sequence 80 and 81 of the budget.

"Double State employee parking rates. Why don't you increase it? I'm game to it, or is it administratively?

"And last but not least, which we had a very lively discussion and I respect the Representative from Waikiki, yes, let's consolidate State and County roads and park maintenance. Eight million dollars in savings. The legislation is not in the Finance Committee or else I would have heard it to cut the cost.

"Let's be honest, Mr. Speaker and members of this House, to the general public at large. This \$180 million proposal is not a \$180 million proposal in lowering personal income taxes. It is not. I get hurt when these types of ideas are proposed to the public and not realizing the implications.

"Mr. Speaker and members of this body, did you know that for fiscal year 1996-97, of 1,049 positions that were through attrition, 308 were with the DOE, 92 with the Department of Public Safety. That's almost half of these 1,049 positions. But these are the general funded positions and the amount that we are talking about. If I were to agree with the Minority, you'd probably save less than \$15 million if it is \$31 million right now. I have the highest regard for this august body but when you play politics, which I don't want to play politics on an issue of this magnitude, please, let's be real.

"Thank you."

Representative Case then rose to speak in support of the amendment, stating:

"Mr. Speaker, it is not everyday that a majority member stands opposed to his Governor, his Speaker, his Finance Chair, and, apparently, most of his majority colleagues. But I do stand opposed and I do it as a Democrat, a Democrat not by birth or upbringing, but by choice, a choice I have never regretted. A Democrat who believes in our obligation to fund fully the core functions of government, including protection of the needy, through a progressive tax system. The key question facing us today, however, regardless of political persuasion or party affiliation, but perhaps especially for the Democratic Party, which believes in social programs, is how to assure adequate funding of these programs over the long term.

"Answering that question requires recognition of an inescapable fact, (and I agree with the Finance Chair that we need to 'get real.')

The funds utilized by government come by and large from private economic activity, more specifically from taxes and other exactions on money earned by private citizens and business. If that revenue is not being generated in the private sector, government's ability to provide is diminished.

"The size and expense of government, in turn, impacts directly on private economic revenue-generating capability because government is a net consumer, not producer, of tax revenue. Some level of government is essential to the private economic activity necessary to generate the tax revenue to support needed social programs because that government provides the atmosphere, the milieu, in which that activity can flourish. But, on the other hand, too much government cripples economic activity because it diverts needed capital and frustrates individual incentive.

"There is no doubt in my mind that we face the latter situation today. Throughout this decade State revenue growth, a direct reflection of private economic activity, slipped steadily to what is now negative growth, in other words, declining activity. Yet for the last five fiscal years our general fund operating expenditures have held steady at an average of somewhere around \$3.1 billion per year.

"Mr. Speaker, what clearly faces us is a government which costs more than the ability of the private sector to support it and which, because it is over-consuming revenue, is crippling the capability to produce the revenue necessary to provide needed government programs. If we continue to avoid this fact, we will inevitably see a continued decline in government revenues and in our ability, regardless of party affiliation, to fulfill our obligations.

"The House had it right last September when, in a bipartisan effort, we concluded that we had to both cut taxes and reduce government. And the Economic Revitalization Task Force (ERTF) had it right when it realized that reducing taxes was the key to economic regeneration.

"Where the ERTF slipped off the tracks, and where I got off that train, was when the ERTF did not face up squarely to the necessity of also reducing the expense of government. Let me be clear and let me reiterate something that I said on second reading of this bill: I regard the ERTF's proposed general excise tax increase as primarily, if not exclusively, a means to avoid adjusting government spending to match current and projected economic activity.

"In limited circumstances, such an increase might be the best of limited choices, and so I have never taken the 'no tax' pledge urged primarily by members of the minority party, nor will I ever take that pledge. In 1995 for example, I supported a limited increase in the GET for the sole reason of funding a lump-sum settlement of Department of Hawaiian Home Lands claims, and I continue to believe that that was, on balance, the best option available at the time. Similarly, House Bill 2399, up on the calendar today which eliminates outdated or unfair general excise exemptions, is another possibility. But this is clearly not such a circumstance.

"Mr. Speaker, the immediate effect of this amendment is to require a further reduction in government spending of over \$100 million next year. No doubt the counter-argument is that 'we can't do it', or that such a reduction is 'not responsible.'

"But I contend that further government spending reductions are the only responsible course of action to assure adequate government revenues over the long term. I contend that our ability to implement those reductions is limited only by our collective resolve. Many have tried individually but I am talking about the collective resolve of this Legislature.

"As to how, I don't pass judgement on whether the Republicans have the best approach, or the Democrats have the best approach, or whether anybody else has the best approach, but I think clearly we can make further savings in overall government efficiency, whether by better budget and program administration, or privatization, or civil service and collective bargaining reform. Clearly further outright program cuts, preferably vertical, are necessary. And clearly, government personnel costs must be reduced, whether by personnel reductions, furloughs, pay cuts, or otherwise.

"This is tough medicine, but one way or another these difficult issues must be faced squarely. Unfortunately, our

history shows that the only way to do so is the approach taken by this amendment, and I must therefore support it.

"Thank you."

Representative M. Oshiro then rose to speak against the amendment, stating:

"I would just like to comment on a few points that was made by the Chair of the Finance Committee. I think it is important and I think one of the points that he made is that we need to look at the facts, as far as attrition. It's easy to sell an idea by saying you're going to save \$135 million in three thousand non-teaching positions. But the reality is, when you look back over the past three years, fiscal years 1994-95, 1995-96 and 1996-97, as borne out by the Finance Chair, there has not been those types of losses in positions.

"Where are we going to cut? Where are we going to cut in the budget? Those are the tough questions that we need to face. I think the primary issue here this evening, Mr. Speaker, is how we're going to do this. How are we going to pay for services and at the same time stimulate and bring some life to our economy?"

"I would like to comment upon a few points that the Minority Leader mentioned a little earlier. One of the ideas behind the ERTF proposal is that we will create between 4,500 and 1,300 new jobs. So we're not only talking about lowering the personal income tax, we're not only talking about a refundable tax credit to offset any increase in GET, we're not only talking about exporting one-third of our GET to our tourists, we're not only talking about giving a fund for tourist promotion, but we're talking about jobs. And what I did last week Friday, Mr. Speaker, is I spoke to Chris Grandy of the Department of Business, Economic Development and Tourism, Chris Grandy, as many of you may know, has been an active participant as a staff person with the ERTF in public hearings and so forth. I asked Chris: how do you come out with these numbers? And he explained to me that there are basically two components to the analysis. One is the tax component and one is a tourist component. The tax component, he explained to me, is something like this: by lowering the personal income tax, people have more money in their pockets, and that's the truth. When you look at, even with the GET increase, you're lowering your personal income tax, your GET is going up five cents on ten dollars, you get a savings, and that's the real numbers. So I asked Chris: what happens with that money? He said: 'It goes to people's pockets and they can spend it.' And that's what I have been hearing many, many years from the folks across the aisle, and that is good. That is going to create jobs, that's going to create investment in our own community, that's going to make a big difference in people's lives.

"The second point that he mentioned to me on the tax side is that this will also allow us to export one-third of this taxation to our visitors. They enjoy the same privileges and services that we have as residents, but they don't contribute to the upkeep and maintenance of it. This will allow us to do it. Florida does it. Arizona does it. Nevada does it. All your main destinations for tourists do that. They pass off some of their expenses to their visitors, and it is a fair one.

"On the item of tourists, this is what will happen. We are going to put \$55 million into a special fund to promote tourism. As you already have learned, last year we came in here and we passed a \$25 million emergency fund to promote tourism in Asia, as well as on the West Coast and on the Mainland. That has already come back to show us that they have given us eight dollars to a

dollar investment return. I just heard a speaker earlier this evening, I think he was a Representative from Maui, who said it's not an eight to one margin, it's ten to one. So we've improved that \$55 million to \$60 million in tourist promotion. What are we talking about that \$660 million coming back in? We need to remember to look at the facts, we need to look at the numbers for they are important.

"Thank you, Mr. Speaker."

Representative McDermott then rose in strong support of the amendment, stating:

"This amendment does away with the onerous excise tax. Mr. Speaker, I have heard a lot of people here tonight speaking up and defending government. What if the government worker doesn't have a government-funded car to go to his job? Mr. Speaker, I am here just to represent my constituents and I am worried about them -- if they can afford their car insurance, if they can afford their car payments.

"You hear all this talk about massive cuts -- we're cutting this, we're cutting that. The City and County is cutting 335, we're talking about 125 warm bodies and our government has 40,000 employees. We're not living in reality. We need to know why we're here. We're here to do the people's business. The people don't want an excise tax increase, and I agree. The income tax cuts are great, Mr. Speaker, they're wonderful, and they're the Republican philosophy, but you don't mix it with the tax increase. That's a poison pill, Mr. Speaker. That's like, Mr. Speaker, a big bucket of water -- ice cold water -- you're going to drink it and someone throws dirt in it. You don't want to drink it then, Mr. Speaker, and that is what we have here. So now we're taking the dirt out and we're cleansing it. We're putting it through a filter. No excise tax, Mr. Speaker, and I am here for my constituents and they don't want it.

"Thank you."

Representative Fox then rose to speak in favor of the amendment, stating:

"Mr. Speaker, I appreciate the sincerity with which the House Finance Chair has discussed this issue. Many of the things he said, I will verify absolutely in terms of the discussions that went on in House Finance. His concern about finding ways to reduce the budget is extremely sincere. He has a dedicated staff that worked hard on this measure.

"I would just like to talk briefly about the facts of what's going on before us. The proposed amendment would eliminate the general excise tax increase. That's \$162 million. It would also eliminate the credits that went along with the general excise tax increase as a way of trying to deal with the impact of the general excise tax on low income people. But \$142 million went the other way so the net effect of this proposed amendment is a revenue shortage of \$120 million.

"The members all have before them a sheet of paper that shows how we might get \$180 million, and the Finance Chair has gone through that list. One of the key issues is the need to reduce the size of government by attrition. The figures on how we arrived at the reduction of three thousand are before you with all the calculations and all the sources. We used the five year average of the departures from government -- 1991 through 1996. All the information comes from the Department of Human Resources Development and is dated November 1997. I will be happy to show anybody the sheet that we got from

DHRD. It shows the number of people who left government.

"Now there may be some sort of dispute over how many of these people were general fund, how many special fund. If you look at the budget, it shows that 75 percent of the positions are general fund. But we all know that if people leave from the special fund area and we can continue to do the work without those people, we can find ways of getting the money from special fund to the general fund. Earlier today, we took \$50 million out of special funds and put it into the general fund, so we have no problem making those kinds of shifts. We're looking for \$120 million. We showed you how to get \$180 million. We stand on the figures that we presented. The money is there, it can be done.

"Now briefly, the Majority Floor Leader made some references to information that was supplied to him by Mr. Chris Grandy. We're talking about how many jobs we can create by the Economic Revitalization Task Force's stimulation package. They had a phony figure of an \$80 million stimulation. They got that phony figure because they forgot that they are asking people to pay more transient accommodations tax. The figure is also phony because under their plan, the counties will have to come up with \$40 million in revenue, and the way they'd come up for it is sticking us with \$40 million more in property taxes, so the net impact was only an economic stimulation of \$13 million. But let's go back to that \$80 million figure. Let's say there really was economic stimulation of \$80 million. If you look closely at the figures that Chris Grandy did, almost all of his job creation, almost all of the new economic development he got was from the \$60 million tourism fund, and the amount of money that was going to bring into the economy because it was going to promote more travel to Hawaii which would then infuse the tourist industry with a lot of new activity. On the stimulation side, he didn't do too good at \$80 million.

"Chairman Say has moved that figure up from \$80 million to \$109 million and that is a good step forward because his \$109 million is real, not like the \$80 million I just went through. He took care of the counties in his other plan for taking care of the transient accommodations tax, so we're moving in the right direction.

"The proposal you have before you would move the economic stimulation up to \$230 million. If you use the same logic that Chris Grandy used, put money into the private sector, it will generate jobs, you are going to get a lot more job creation at \$230 million than you are at \$80 million, so that is the way to go.

"The Representative from Wahiawa said that one-third of the money that is collected from the general excise taxes is off-loaded on tourists. Mr. Speaker, that figure is not correct. The figure is 25 percent, it is not one-third. It really starts at 21 percent. It's been fudged up to 25 percent. This is the first time I've heard it go all the way to one-third. We know that tourists are already heavily paying into the excise taxes, and isn't that why we love the excise tax? Because it slams tourists right where they are right now, but we're trying to make Hawaii into their shopping destination. We have to be very careful about how we mess with the bills that tourists pay when they are in Hawaii, and that's actually a very good reason for opposing the excise tax increase.

"So on these grounds, these factual grounds, I think that we really should come down on the side of the amendment. Let's really stimulate the economy, let's really create jobs. We have an opportunity to do it right here tonight by opposing the general excise tax increase.

"Thank you, Mr. Speaker."

Representative Pendleton then rose to speak in support of the amendment, stating:

"Mr. Speaker and distinguished colleagues, I think with this proposed floor amendment before you, you have the opportunity to have the best of both worlds as it were. You know how much this excise tax and this tax package is going to cost, and you've seen some of the figures as to how we would pay for it. We've offered far more than the amount that needs to be made up for.

"This is also another opportunity to vote your conscience. Both political parties have opposed the increase in the general excise tax so if you're concerned about maybe being labeled a pro-business Republican, don't worry about it because the Democratic Party Chair has said: vote against the general excise tax increase. So this is a position where you can have the best of both worlds. You don't have to be labeled any particular party. I really believe that this is not a partisan issue, this is a common sense issue. This amendment would take out the most egregious part of this tax package and actually move a much better tax package through the process.

"We all know that the general excise tax is very regressive, it probably is the worst tax for us to try to increase, if we are going to increase taxes, and I am opposed to increasing taxes. But if we are going to increase the tax, this is the worse one in terms of hitting poor people, of hitting people who don't have the ability to pay, of hitting people who won't benefit from some of the income tax reductions. It also obviously drives up the cost of purchasing goods. We need to remember that people only have a finite number of dollars to spend. The more they spend on taxes, the fewer dollars they can spend at the grocery store or in any kind of store. Whenever you take money out of the private sector, you are really, really hurting the economy.

"Also, there is no State precedent for the State increasing a consumption tax and causing an economic boon or economic stimulus. In New Jersey, California, we saw that taxes were cut across the board -- income taxes, corporate taxes were cut across the board at varying levels. But we have no precedent among the fifty states where some states said: hey, we're going to raise our sales tax by 19 percent or 34 percent and the economic boon follows this without historic precedence.

"Also, people say that we need to support the Economic Revitalization Task Force. I support them. We support 99 percent or whatever figure you want to put. We support a vast majority of those things, and if you look through my previous speeches, even before being an elected official, I advocated a vast majority of those things. But even the ERTF, their Tax Working Group did not suggest to them to raise the general excise tax. When the Economic Revitalization Task Force met, the members had a group of experts, a panel of experts, who were experienced in taxes and said: give us your best advice. And one item missing from that which we are trying to push is the increase in the general excise tax. I have talked to all those people who are on the Task Force. I remember those people on the Task Force and I haven't found any of them say: oh, yes, we should have done that, or that we have historical precedence from other states to show that raising the general excise tax actually helps anybody.

"Also, on the question of honesty, the Senate has put forward a plan that does not require general excise tax. I haven't had a chance to review their plan in complete detail, but apparently you can be in favor of tax reform

without a general excise tax and still be honest unless we want to accuse the entire Senate of being dishonest, and I don't think we want to do that.

"One of the persons that our House met with during the interim was a person from California. Apparently they are a counterpart to our DBEDT, and her name was Brenda Lopes, and she shared some information on the tax reforms that California proposed. In none of her discussions did she say: hey, we hit our California residents with a big consumption tax increase. That was not in her presentation. And when I recently read an e-mail from her, she said: 'Weren't you guys paying attention? We didn't do that.'

"And so again, this excise tax is the part of the bill that we want removed. That is why I am supporting this amendment, and I am hoping that many people on both sides of the aisle will support this. This is not a partisan issue, this is about doing what is best for Hawaii.

"Thank you."

Representative Santiago then rose to speak against the amendment, stating:

"I am a little confused here because in most of my comments I was saving to actually say on this bill, but apparently we're going to have most of the discussion now, and I think this is apropos. I have heard a lot of discussion today about being responsible, I've heard a lot of discussion today about obligation. I've heard a lot of talk today about I agree with what the Chair of Finance says but the numbers still stand. I just heard the Chair of Finance basically say that the numbers don't work so if we agree. . . I'm totally standing here saying, okay, wait. You know, we've heard a tremendous amount of effort that was put in by the Finance Committee to come out with a package that is going to actually balance the budget. We agree, and everyone is saying that by lowering the income tax, we're going to stimulate the economy. I think everyone in this room is saying that's a great idea, let's do that. I somehow stand here and wonder if they look at the bills coming forth and the cuts that were made in this very thick item that I have here, and the cuts that I am aware of already, and I say, you know, not too much is being talked about where we are balancing the budget, where we are making the cuts. We talked about vertical cuts, seven of which occurred in the Department of Health alone. I stand here as the Health Chair wondering if we are really presiding over the dismantling of our 'Health State' as we know it. We do have responsibilities, we do have obligations, we have to look at what we need to do, and if we are going to lower it to the level that we're talking about, certainly we have to find the money to fund what I consider and what we may argue are essential programs.

"I look at the tax plan that was just put on the table here and I see where it says in one of the lines here, an essential social worker position, for example, could be filled through an outside hire. Then I look at the cuts we're making to the purchase of service contracts, which is the hiring of a lot of social workers in the private sector, and we're making tremendous cuts in this area also, in the millions of dollars. Many of these programs will no longer be able to function. So I am standing here, saying to everybody, you can't have it, I don't see how we can have it both ways.

"I respect the sincerity with which the Representative from Salt Lake has made his case. I stand here just as sincere and I say to all of you, I just don't understand it, where you are expecting us to cut this much and yet not fund what our essential programs are. That's our responsibility. And we talk about choices, we talk about

those people who are responsible for them. There is a whole group out there who aren't going to be able to speak up and fend for themselves, and those are the individuals that come and I see and I look in their eyes and I say, we do have this responsibility and, therefore, I am going to ask that we not support the amendment, that we move on so that we can talk about some of the really important decisions that Finance is going to have to continue to debate through the course of the remainder of the session, because many of these programs we simply cannot afford. And I speak in terms of human costs because the results will be devastating to this community and our quality of life, as we know it, for tomorrow and the years to come.

"Thank you, Mr. Speaker."

Representative Moses then rose in support of the amendment, stating:

"I will reserve my comments for the next measure which I anticipate will be another amendment to this measure, just in the hopes that we do move along and get into more debate.

"Thank you, Mr. Speaker."

Representative Stegmaier rose to speak in favor of the amendment and asked that the words of the Representative from Manoa be entered into the Journal as my own, and the Chair "so ordered." (By reference only)

Representative Yamane rose to speak against the amendment, stating:

"I'm a little confused like Representative Santiago before me. The Finance Chair has presented some figures. We know that the half percent of which the Minority is talking about is \$162 million, and this amendment is supposed to be saving. Yet, if we drop the 3,000 positions down to five or six hundred, there is no \$135 million. So I believe, Mr. Speaker, we still are supposed to balance the budget, and if we are supposed to balance the budget these tax savings are just numbers -- PFA (pick from air). I believe this amendment doesn't equate unless we got new mathematics.

"Thank you, Mr. Speaker."

Representative Halford then rose to speak in support of the amendment, stating:

"In 1995, this Legislature and our current Governor increased the general excise tax by removing or cutting three tax credits attached to the GET. Even though the 'thumbs up campaign' was going on coincidentally with that increase, our economy has gotten progressively worse. Because this tax is so pervasive and so regressive, its impact on our economy is more severe than any other tax that we have or have proposed.

"In addition to being regressive, this tax is an immoral tax on food and medicine. Because Hawaii's people know that, an increase in this tax damages our people's spirit as well as their pocketbooks. If we are sincere about economic revitalization, we will not increase the general excise tax. If we are sincere about equitable taxation, we will not increase the general excise tax. If we are sincere about honoring the spirit of the people of Hawaii, we will not increase the general excise tax.

"Thank you."

Representative Goodenow then rose to speak against the amendment, stating:

"Before I start, I would like to have the comments of the Finance Committee Chair inserted into the record as if they were my own," and the Chair "so ordered." (By reference only)

"I would like to add, though, I don't want to necessarily bring up the issue of a general excise tax increase at this point per se, but I would like to point out that the Finance Committee went over these proposals quite sometime ago. The Governor replied and sent a letter about them. At that time, I asked myself why didn't the Republicans dispute some of the arguments put forward in the Finance Committee, or provide further evidence to support their suppositions, or suggest new proposals or modifications on these proposals.

"You know, eventually some Republican proposals were favorably considered by the Finance Committee. Representative Ward, for instance, suggested that we increase the legislative adjustment on vacant positions, and we did that. This is why I am very surprised, Mr. Speaker, that this amendment is put forward today. I think of Ronald Reagan and his saying: 'Here we go again.' I mean this is the same old thing that was proposed before, they're bringing it out again at the end. So I cannot support this amendment. Therefore, I urge my colleagues to vote against this amendment.

"Thank you."

Representative Marumoto then rose to speak in favor of the amendment, stating:

"Before I start, I just would like to request a roll call vote on this amendment.

"I just want to ask my colleagues, please, for the sake of the middle and lower income families in Hawaii, for all the people who can't afford to buy a house but have to rent their living quarters, for all the senior citizens on fixed incomes, for all the small businesses, especially the retail establishments, and for all the commission sales persons, and to improve our business climate, and for the sake of our economy, and for the sake of our children, please vote 'aye' on this amendment.

"Thank you."

The Chair put the motion for a roll call to vote. . .

Representative Kawanakoa then rose and said:

"Mr. Speaker, I don't believe there was a call for a roll call. I believe. . .

The Chair answered: "Representative Marumoto requested a roll call."

Representative Kawanakoa: "She requested at the appropriate time that roll call be taken."

At 7:10 o'clock p.m., the Chair declared a recess, subject to the call of the Chair.

Upon reconvening at 7:20 o'clock p.m., the Chair remarked:

"I know the members are a little tired. Let's all be patient for the next half hour or so."

Representative Kawanakoa rose and stated:

"I can assure you that I will not take a half hour.

"I felt it necessary to rebut some of the remarks that were made earlier and I am taking the opportunity to do so just now. I will be brief.

"The Majority Floor Leader made a statement that one-third of the general excise tax would be exported. I find this to not be exactly telling the truth. I think our Minority member on the Finance Committee pointed out that the numbers were 25 at the highest and in some instances, called it 22 percent. I question the entire premise that this money is being exported to tourists. The way I see the families that come to our islands, they come with a fixed budget, think of it as a pie. They come with say five thousand dollars to spend. If government takes a bigger piece of the pie, that means that the small shops -- the Kenny's Coffee Shop, Liberty House, the various businesses that are hurting in our economy -- are going to receive less revenues. That's the way I look at it. Tourists don't say, well, gee, if I'm going to Hawaii, now they want a bigger tax, I think I'll take \$5,500. That's not the analysis. They get here and they buy one less T-shirt and they're way out of town because they ran out of their budget, Mr. Speaker. The idea that it's all exported, sure, it sounds good to the public, but it is not reality, so I question that premise.

"The second statement made by our Majority Floor Leader was with respect to this more money in people's pockets because of the income tax reductions. Well, I question: what about the small businesses that aren't making an income? How many of our businesses -- the 630 -- that are going out of business this year, how many of them are making a profit today? So many of our businesses, so many of our families are spending money that they have from their savings account to keep their doors open. This is how out of touch many of our legislators are with the realities of the business, working world.

"Mr. Speaker, some small businesses are taking out from their savings they made in the heydays of the 1980s, and they are putting paid-in capital to keep their doors open and meet their salaries -- their payroll. And all of a sudden we say: we're going out and give you a reduction in income tax. What reduction? All I see is the automatic general excise tax that comes right off the top, regardless of profit or losses. So I call that to your attention. These are the families that are going to be leaving our islands. Some of the stores that have been around for generations in some instances, they are going to pick up and leave because they no longer can make it.

"Another statement was made from our good Representative from the North Shore with regard to essential programs. He is not with us now but I commend him on his concern and his earnestness in wanting to do what is right. And believe you me, we feel the same as you when it comes to health care services, human services. We want to help the truly needy. When I take a look at some of the statements that are made, I am concerned because if this spiraling economy continues, those same people that we want to help, and the Representative from the North Shore wants to help, they are going to be in a worse position next year. A bad economy is the worst condition for the people who need the most help.

"And I just simply again point to California. When Governor Wilson came into office, he had a \$5 billion shortfall -- \$5 billion. By the time he took the reins of government, it had grown to \$7 billion. If he didn't take the corrective measures that he did, it perhaps would have continued to grow, and they would have the greatest economic collapse in our nation's history, which is now the seventh largest economy in the world. Important statistics if we're talking about truth

"The Representative from Kaimuki said it doesn't add up. Well, we say it does. He says it doesn't.

"The good Representative from Waimanalo says that we should have brought this to you earlier. Hello? We came out with this in September. Why aren't people listening? We've been in contact with the Governor, I think you've seen some of the correspondence we've had with him, detailing our plan, showing him. . .

The Chair interrupted and said: "Representative, I think your time is up."

Representative Kawanakoa answered:

"Mr. Speaker, I will end on the last concern I have and I respect the good Chair of the Finance Committee, but I do need to make just a few remarks, Mr. Speaker, and I will wrap it up. Now, he was referring to. . .

Representative Meyer rose and yielded her time to Representative Kawanakoa.

Representative Kawanakoa thanked the Chair and continued, saying:

"There was reference to some of our recommendations. These aren't etched in stone, these are just ideas -- recommendations -- that it is possible. We have other areas that we could provide for cost savings in government. But some of the things that bother me is the question of our numbers on attrition. We took our numbers from the State Data Book. I don't know how we can get any more factual. Now there is a question of general fund, special fund, and the Chair of the Finance Committee mentioned that he had a hearing and I guess there was a big discussion on why we can't make it with attrition. It is not as easy as they say. I believe it was Chart 16 that Earl Anzai was giving a report to the Finance Committee. Is that correct -- Earl Anzai? But it is not as easy as they say. I guess he was referring to us -- 'they'. And he started by saying, out of our \$6.3-odd billion budget, the first thing he said was that we cannot touch the special fund -- 'just take it off the table.' I question that premise. As was mentioned by the Representative from Waikiki, we can go into the special fund and make changes. Why do we take it off the table?

"The next thing that was mentioned in his presentation is that we can't touch debt service. Well, maybe, we've got to pay our debt on our loans and bonds.

"What about the DOE? He said, 'we've got to take that off the table.' No discussion, no cost savings. There's no way we can look at the DOE. Take some of the cost out of the upper management and get it down to the classrooms. He said we've got to take Public Safety off the table. He went through this analysis of showing how it can't be done. Why can't it be done? Why can't we look to the Public Safety Department and make those cost savings? If we got to privatize this, do it. I'd rather do that than hurt our general public.

"So, I'm asking: yes, let's be honest about this. And the question and the point that we just don't know the implications, and it was noted that 308 DOE positions were gone from the last year through attrition. I don't know if they were teachers or administrators, but I point to that again -- to the paper. What about the 670 jobs? I laid out some two thousand jobs in the last couple of weeks that they have told us about, not discussing the attrition, and the small entities that are laying off people by the five/ten/twenty-fives. These are the headline news. What about all those jobs? What about the realities for

them? What about the implications for those families? How are we addressing their concerns?

"Mr. Speaker, in conclusion, if we cannot. . . if you, I should say, the Majority cannot make the corrective changes that are necessary for the sake of our islands, for our people and our future generations, please, get out of the way, because there are other ideas. Allow them to save our economy.

"Thank you, Mr. Speaker."

Representative Garcia rose to speak against the amendment, stating:

"Some concerns with respect to the party across the way and their approach in dealing with attrition, and the Minority Leader made reference to public safety. With respect to the prison that we are proposing to build wherever it will end up, I will need dozens, if not hundreds of people, to staff the new prison space that we are contemplating, and I have my problems with privatization. I think I enumerated them last year with respect to having the private sector not just build, but run our prisons. I make reference to the General Accounting Office study and the conclusion that there are no real savings and quality when it comes to privately-run prisons. And so when we deal with the issue of privatizing our prisons, which is some ways off, I know we're not going to be. . .

Representative Marumoto rose on a point of order and asked:

"Is this germane to the present amendment?"

Representative Garcia answered:

"It was in reference to the Minority Leader's assumption that we can deal with savings by dealing with public safety. I'm rebutting. And so that question of privatizing of prisons is still open to question and some debate.

"Mr. Speaker, now with reference to the general excise tax, some history. Back in 1935, our Governor was wrestling with a major problem. He was facing, in the upcoming biennium, a deficit of some five million dollars, not quite perhaps the five billion dollars that the California Governor had to deal with, but in relative terms I would imagine that the five million dollar deficit was rather huge for his jurisdiction. And so this Governor convened a Tax Advisory Commission to come up with an idea to deal with the pending deficit. And what the Tax Advisory Commission came back with was something unusual and different for this jurisdiction. It was something called the general excise tax. There was born the GET. And the tax rate that was imposed on nearly all business categories in 1935 was 1.25 percent. .

Representative Marumoto rose on a point of order and stated:

"Mr. Speaker, I don't know whether the history of the general excise tax is a point when discussing the amendment to take off one-half percent from the proposed GET."

The Chair interrupted: "Representative, will you please confine yourself to the amendment, please."

Representative Garcia continued, saying:

"Mr. Speaker, I was trying to lay out some history because some reference have been made in debate about

whether or not increases lead to prosperity or perhaps detrimental effect on our economy. And so, I was giving a little bit of latitude. I was also going to add to my little historical footnotes here that the general excise tax in Hawaii has been raised at least twice by one percent, back in 1947 and again in 1957. And I don't believe the economy crashed because they doubled the hike that is now proposed before us. In fact, the tax hike of one percent in 1957, I dare say, came with the advent of the jet age and which led to something called the 'tourism industry' for Hawaii, and. . .

Representative Marumoto then rose on a point of order and stated:

"Mr. Speaker. . .

The Chair responded: "I believe it is germane because he is talking about the excise tax and the need to increase the excise tax."

Representative Marumoto: "I think he's going far afield in talking about the jet age and all that."

Representative Garcia answered:

"I'm going to wrap up, Mr. Speaker. Just that I'm voting against the amendment for that rolls back the tax hike proposal which we should be considering, and I will continue when we come to the bill that we are going to address later.

"Thank you."

Representative Cachola then rose on a point of inquiry and asked:

"You know, I came to Hawaii in 1971. I just want to ask Representative Garcia who were the Governors in 1935, 1947 and 1957 when they increased the general excise tax? I sure would like to know that."

Representative Kawanakoa rose on a point of order and stated:

"I fail to see the necessity of. . .

The Chair interrupted: "You're out of order. Okay, you have said it, that's enough."

Representative Say, in rebuttal, stated:

"For the Department of Education, if the 308 positions were not filled as part of the attrition, the class size would increase.

"For the Department of Public Safety, the 98 positions, you've got this Spear's consent decree hanging over our heads.

"I can go on and on and on, Mr. Speaker, but to belabor the issue at this point on this amendment, I feel uncomfortable because I have my speech ready for the bill that we are supposed to be addressing.

"So can we call for the question on this amendment in voting no?"

The motion was seconded by Representative Goodenow and carried.

Representative Marumoto submitted the following remarks for insertion into the Journal:

"I would like to have a letter from Ron L. Heller against the increase in the excise tax. He expresses his opposition very succinctly.

'Dear Representative Marumoto:

I'm writing to express my opposition to any increase in the General Excise Tax.

I support the other recommendations of the Economic Revitalization Task Force, but I believe that any increase in the General Excise Tax (GET) would be a serious mistake, for a number of reasons:

(1) It is not clear that a GET increase coupled with an income tax decrease will help to "jump start" the economy. The income tax reduction only helps businesses which are profitable, while the GET is paid regardless of profitability. This will not stimulate new business ventures, which often produce little if any profit in the start-up years, but will have to pay a higher GET immediately.

(2) Existing businesses which are struggling to stay above the break-even point will have to pay more GET, while getting little or no benefit from the income tax reductions, since they have little or no net income. Thus, those businesses that need help the most -- the ones that are barely surviving now -- will be hit with a new tax increase.

(3) Although our 4 percent GET rate appears low when compared to other states' sales tax rates, this is really comparing apples and oranges. Unlike most state sales taxes, our unique GET is a pervasive tax which is levied at all levels in the economic chain, as well as on services. Thus, the GET rate may seem low, but in fact many more transactions are subject to tax. The GET produces as much revenue as a 12 percent sales tax, and is therefore high if compared to other states' sales taxes on an "apples to apples" basis.

(4) The GET is a regressive tax. Increasing it, while reducing the progressive income tax, will cause further regressivity, imposing the additional burden on those least able to afford it.

(5) Raising the GET will not necessarily "export" much of the economic burden. As a vacation destination, Hawaii faces intense worldwide competition. A tax increase makes Hawaii more expensive relative to other destinations. This could mean that more people choose other destinations instead of Hawaii. Collecting a few more dollars from each visitor does not necessarily produce much net gain, if the number of visitors is reduced.

(6) To the extent that a GET increase cannot be passed on by those renting property, it will reduce their net income and thus will put downward pressure on real property values. Any decrease in real property values may force the counties to raise real property tax rates.

(7) Japan, which was also in the midst of an economic slump, increased their consumption tax last year. The consumption tax is similar to our general excise tax. The increase had an almost immediate negative impact, with a substantial drop in consumer purchasing. The consensus in Japan now is that the tax increase was a mistake. We should learn from that mistake.

Instead of a GET increase, the Legislature should enact the "Consensus Options" set forth in the original tax proposal submitted by the ERTF's Taxation Work Group.

The Taxation Work Group, which included a number of experts in the tax field, expressed a consensus as to four basic options: (1) reduce the personal income tax; (2) reduce the corporate income tax; (3) eliminate pyramiding of GET on goods and services; and (4) improve the competitive position of Hawaii's service providers. I agree with all four of these goals, and urge you to follow the original recommendations of the Taxation Work Group."

At this time, Representative Kawanakoa requested a roll call vote.

The request for a roll call was put to vote by the Chair and upon a show of hands, the request was granted.

Roll call having been requested, the motion to adopt the amendment was put to vote by the Chair and failed to carry on the following show of Noes, Ayes and Excused:

Noes, 34: Representatives Abinsay, Ahu Isa, Arakaki, Cachola, Chang, Garcia, Goodenow, Hamakawa, Herkes, Hiraki, Ito, Jones, Kahikina, Kanoho, Kawakami, Lee, Menor, Morihara, Nakasone, Okamura, M. Oshiro, P. Oshiro, Santiago, Say, Suzuki, Takai, Takamine, Takumi, Tom, White, Yamane, Yonamine, Yoshinaga and Souki.

Ayes, 17: Representatives Aiona, Case, Fox, Halford, Kawanakoa, Marumoto, McDermott, Meyer, Morita, Moses, Pendleton, Saiki, Stegmaier, Tarnas, Thielen, Ward and Whalen.

Excused, None.

Representative Ward then offered the following amendment to H.B. No. 2568, HD 1:

"SECTION 1. House Bill 2568 H.D.1 is amended by amending page 2, lines 9-14, to read:

'income tax relief for individuals; part III [amends the general excise tax (GET) by increasing the GET tax rate from 4 per cent to 4.5 per cent and] exempt[ing]s exported services from the GET; [part IV amends chapter 238, Hawaii Revised Statutes, by providing for the use taxation of imported services;] and part V contains other general provisions.

However, this bill represents only part of the solution. There must also be a significant reduction in the size of government. Through consolidation and greater efficiency, the \$180 million needed to pay for this proposed tax reduction can be achieved.

It is estimated that approximately 3,000 positions in government will become vacant through retirement, and other means. Through attrition, government can save \$135 million by leaving 3,000 non-teaching positions vacant. Although this is difficult, it is not impossible.

Government can also find an additional \$45 million by doing the following:

1. Collecting half the uncollected traffic fines, a savings of \$14 million;

2. Eliminating public relations spokespersons, a savings of \$1.5 million;

3. Reducing state travel, a savings of \$5 million;

4. Publishing one consolidated annual report per year and discontinuing individual reports, a savings of \$1.5 million;

5. Evacuating the Hemmeter Palace, a savings of \$2 million;

6. Privatizing state collection efforts, a savings of \$3 million;

7. Retiring state vehicles and paying employees mileage for use of personal vehicles, a savings of \$3 million;

8. Cutting the state's office supply budget by 10%, a savings of \$2 million;

9. Doubling state employee parking rates, a savings of \$3 million; and

10. consolidating state and county road and park maintenance, a savings of \$8 million.

Meaningful solutions to the State's economic problems cannot occur without rightsizing government.'

"SECTION 2. House Bill 2568 H.D.1 is amended by deleting section 3 of the bill in its entirety.

"SECTION 3. House Bill 2568 H.D.1 is amended by amending section 4 page 9, line 11 of the bill to read:

'to four per cent of the costs incurred in the'

"SECTION 4 House Bill 2568 H.D.1 is amended by amending section 6, page 21, line 16, and page 25, line 20 of the bill to read as follows:

"SECTION [6.] 5. Section 235-110.7, Hawaii Revised Statutes, is amended to read as follows:

'§235-110.7 Capitol goods excise tax credit. (a)

There shall be allowed to each taxpayer subject to the tax imposed by this chapter a capital goods excise tax credit which shall be deductible from the taxpayer's net income tax liability, if any, imposed by this chapter for the taxable year in which the credit is properly claimed.

The amount of the tax credit shall be determined by the application of the following rates against the cost of the eligible depreciable tangible personal property used by the taxpayer in a trade of business and placed in service within Hawaii after December 31, [1987.] 1998. For calendar years beginning after: December 31, 1987, the applicable rate shall be three per cent;] December 31, [1988.] 1998. And thereafter, the applicable rate shall be four [and one-half] per cent [, except that for the period January 1, 1993, through December 31, 2002, and for eligible depreciable tangible personal property used in a trade or business that is purchased in a county in which the county general excise and use tax surcharge is in effect and placed in service in any county the applicable rate shall be four and one-half per cent]. For taxpayers with fiscal taxable years, the applicable rate shall be the rate for the calendar year in which the eligible depreciable tangible personal property used in the trade or business is placed in service within Hawaii.

In the case of a partnership, S corporation, estate, or trust, the tax credit allowable is for eligible depreciable tangible personal property which is placed in service by the entity. The cost upon which the tax credit is computed shall be determined at the entity level. Distribution and share of credit shall be determined by rules.

In the case of eligible depreciable tangible personal property for which a credit for sales or use taxes paid to another state is allowable under section 238-3(i), the amount of the tax credit allowed under this section shall not exceed the amount of use tax[, and for the period January 1, 1993, through December 31, 2002, the amount of the county general excise and use tax surcharge,] actually paid under chapter 238 relating to such tangible personal property.

If a deduction is taken under section 179 (with respect to election to expense certain depreciable business assets) of the Internal Revenue Code of 1954, as amended, no tax credit shall be allowed for that portion of the cost of property for which the deduction was taken.

(b) [If the tax credit is claimed by a taxpayer at the rate of four and one-half per cent, and the tangible personal property is purchased in a county in which the county general excise and use tax surcharge is in effect, there shall be added to and become part of the tax liability of the taxpayer:

(1) The amount of the tax credit claimed under this section multiplied by three; or

(2) Ten per cent of the income tax liability for the taxable year for which the income tax return in being filed, whichever is greater.]

If the capital goods excise tax credit allowed under subsection (a) exceeds the taxpayer's net income tax liability, the excess of credit over liability shall be refunded to the taxpayer; provided that no refunds or payment on account of the tax credit allowed by this section shall be made for amounts less than \$1.

All claims for tax credits under this section, including any amended claims, must be filed on or before the end of the twelfth month following the close of the taxable year for which the credits may be claimed. Failure to comply with the foregoing provision shall constitute a waiver of the right to claim the credit.

(c) Application for the capital goods excise tax credit shall be upon forms provided by the department of taxation.

(d) Sections 47 (with respect to dispositions of section 38 property and the recapture [per centages] percentages) of the Internal Revenue Code of 1954, as amended, as of December 31, 1984, and 280F as operative for this chapter (with respect to limitation on investment tax credit and depreciation for luxury automobiles; limitation where certain property used for personal purposes) of the Internal Revenue Code of 1954, as amended, shall be operative for purposes of this section.

(e) As used in this section, the definition of section 38 property (with respect to investment in depreciable tangible personal property) as defined by section 48(a) (1)(A), (a)(1)(B), (a)(3), (a)(4), (a)(7), (a)(8), (a)(10)(A), (b), (c), (f), (l), (m), and (s) of the Internal Revenue Code of 1954, as amended as of December 31, 1984, is operative for the purposes of this section only.

As used in this section:

"Cost" means (1) the actual invoice price of the tangible personal property, or (2) the basis from which depreciation is taken under section 167 (with respect to depreciation or from which a deduction may be taken under section 168 (with respect to accelerated cost recovery system) of the Internal Revenue Code of 1954, as amended, whichever is less.

"Eligible depreciable tangible personal property" is section 38 property as defined by the operative provisions of section 48 and having a depreciable life under section 167 or for which a deduction may be taken under section 168 of the federal Internal Revenue Code of 1954, as amended.

"Placed in service" means the earliest of the following taxable years:

- (1) The taxable year in which, under the:
 - (A) Taxpayer's depreciation practice, the period for depreciation; or
 - (B) Accelerated cost recovery system, a claim for recovery allowances; with respect to such property begins; or

(2) The taxable year in which the property is placed in condition or state of readiness and availability for specifically assigned function.

"Purchase" means an acquisition of property.

"Tangible personal property" means tangible personal property which is placed in service within Hawaii after December 31, [1987.] 1998, and the purpose or importation of which resulted in a transaction [which] that was subject to the imposition and payment of tax at the rate four [and one-half] per cent[, except that for the period January 1, 1993, through December 31, 2002, and if the county general excise and use tax surcharge is in effect the tax rate shall be four and one-half per cent.] under chapter 237 or 238. "Tangible personal property" does not include tangible personal property which is an integral part of a building or structure or tangible personal property used in a foreign trade zone, as defined under chapter 212.'

"SECTION 5. House Bill 2568 H.D.1 is amended by deleting section 7, of the bill in its entirety in order to restore the food tax credit under section 235-55.8.

"SECTION 6. House Bill 2568 H.D.1 is amended by amending section 8, page 28, line 19 through page 29 line 14 of the bill to read as follows:

'PART III

SECTION [8], 6. [Sections 10, 11, 12, 13 and 17 of this Act amend existing statutes to provide for a new GET rate of 4.5 per cent applicable to taxable periods beginning after December 31, 1998. The increase in the GET is to shift taxation away from income and production and on to consumption. It also partially compensates for the revenue loss anticipated from the ERTF recommendation to reduce personal income tax rates.] Section 16 amends section 237-16.5, Hawaii Revised Statutes, to increase the sublease deduction to account for the new GET rate.

[Sections 14 and 15 repeal portions of the law that reference the 4 percent rate and are inoperative.] Section 25 of the Act repeals section 238-2.5, Hawaii Revised Statutes, relating to the county general excise and use tax surcharge that is inoperative because the county did not adopt an ordinance providing for a tax surcharge by October 1, 1992, as required by section 46-16.7, 237-29.6, Hawaii Revised Statutes, relating to an exemption for exported computer services, which is duplicative of section 9 of this Act that exempts all exported services from the GET.]'

"SECTION 7. House Bill 2568 H.D.1 is further amended by deleting sections 10, 11, 12, 13, 14, 15, and 17, page 30, line 20 through page 54, line 14 and page 55, line 13 through page 72, line 16, and renumbering the remaining sections to read:

'SECTION [16.] 8. Act 353, Session Laws of Hawaii 1997, is amended by amending subsection (g) of the section established in section 2 of the Act to read as follows:

(g) After allocation under subsection (c), if necessary, the deduction under this section shall be allowed from the gross proceeds or gross income of the lessee received from its sublease in an amount calculated by multiplying the gross proceeds or gross income paid by the lessee to its lessor for the lease of the real property by the following amount:

- (1) [In calendar year] For October, November, and December of 1998, .125;
- (2) In calendar year 1999, [.25;] .254
- (3) In calendar year 2000, [.375;] .381
- (4) In calendar year 2001, [.50;] .508;
- (5) In calendar year 2002, [.625;] .635;
- (6) In calendar year 2003, [.75;] .762; and
- (7) In calendar year 2004, and thereafter, [.875.] .889.

The amount calculated under paragraphs (1) to (7) shall be deducted by the lessee from the lessee's total reported gross proceeds or gross income. The deduction allowed by this subsection may be taken by the fiscal and calendar year lessees.

'PART IV

SECTION [18.]9. Part IV imposes a use tax on services that are performed outside of Hawaii, but consumed in-state. The legislature finds that imposing a use tax on services imported for use in the State levels the playing-field between out-of-state sellers and local sellers of services. Sections 19 to 24, provide for the use taxation of imported services. Because the use tax is a complement to the GET, section 20 of this Act amends the top use tax rate from 4 to 4.5 per cent. Section 25 repeals section 238-2.5, Hawaii Revised Statutes, relating

to the county general excise and use tax surcharge, which is a deadwood provision.

SECTION [19.] 10. Section 238-1, Hawaii Revised Statutes is amended as follows:

1. By adding a new definition to read as follows:

"Services" means all activities engaged in by a service business or calling, the practice of a profession, or other business for other persons for a consideration which involve the rendering of a service, as distinguished from the sale of tangible personal property or the production and sale of tangible property. "Services" do not include services rendered by an employee to the employee's employer."

2. By amending the definition of "price" to read as follows:

"Price" means the total amount for which tangible personal property [is] or services are purchased, valued in money, whether paid in money or otherwise, and wheresoever paid, provided that cash discounts allowed and taken on sales shall not be included.

3. By amending the definitions of "purchase" and "sale", "purchaser", "representation", and "seller" to read as follows: "Purchase" and "sale" mean and refer to any transfer, exchange, or barter, conditional or otherwise, in any manner or by any means, wheresoever consummated, of tangible personal property or services for a consideration.

"Purchaser" means any person purchasing property or services and "importer" means any person importing property[.] or [5] services; provided that the term "purchaser" and "importer" shall not include the State, its political subdivisions, or wholly owned agencies or instrumentalities of the State or a political subdivision; or the United States, its wholly owned agencies or instrumentalities, or any person immune from the tax imposed by this chapter under the Constitution and laws of the United States but the terms shall include national banks.

"Representation" refers to any or all of the following:

(1) A seller being present in the State;

(2) A seller having in the State a salesperson, commission agent, manufacturer's representative, broker, or other person who is authorized or employed by the seller to assist the seller in selling property or services for use or consumption in the State, by procuring orders for the sales, making collections or deliveries, or otherwise; and

(3) A seller having in the State a person upon whom process directed to the seller from the courts of the State may be served, including the director of commerce and consumer affairs and the deputy director in the cases provided in section 415-14.

"Seller" means any person engaged in the business of selling tangible personal property [.] or services, wheresoever engaged, but does not include the United States or its wholly owned agencies or instrumentalities other than national banks, the State or a political subdivision thereof, or wholly owned agencies or instrumentalities of the State or a political subdivision.

(4) By amending the definition of "use" to read as follows:

"Use" (and any noun, verbal, adjective, adverbial, and other equivalent form of the term) herein used interchangeably means any use, whether the use is of such nature as to cause the property or services to be appreciably consumed or not, or the keeping of the property or services for such use or for sale, and shall include the exercise of any right or power over tangible or intangible personal property incident to the ownership of that property, but the term "use" shall not include:

(1) Temporary use of property, not of a perishable or quickly consumable nature, where the property is imported into the State for temporary use (not sale) therein by the person importing the same and is not intended to be, and is not, kept permanently in the State (as for example without limiting the generality of the

foregoing language: (A) in the case of a contractor importing permanent equipment for the performance of a construction contract, with intent to remove, and who does remove, the equipment out of the State upon completing the contract; (B) in the case of moving picture films imported for use in theaters in the State with intent or under contract to transport the same out of State after completion of such use; (C) in the case of a transient visitor importing an automobile or other belongings into the State to be used by the transient visitor while therein but which are to be used and are removed upon the transient visitor's departure from the State);

(2) Use by the taxpayer of property acquired by the taxpayer solely by way of gift;

(3) Use which is limited to the receipt of articles and the return thereof, to the person from whom acquired, immediately or within a reasonable time either after temporary trial or without trial;

(4) Use of goods imported into the State by the owner of a vessel or vessels engaged in interstate or foreign commerce and held for and used only as ship stores for the vessels;

(5) The use or keeping for use of household goods, personal effects, and private automobiles imported into the State for nonbusiness use by a person who (A) acquired them in another state, territory, district, or country, (B) at the time of the acquisition was a bona fide resident of another state, territory, district, or country, (C) acquired the property for use outside the State, and (D) made actual and substantial use thereof outside this State; provided that as to an article acquired less than three months prior to the time of its importation into the State it shall be presumed, until and unless clearly proved to the contrary, that it was acquired for use in the State and that its use outside the State was not actual and substantial;

(6) The leasing or renting of any aircraft or the keeping of any aircraft solely for leasing or renting to lessees or renters using the aircraft for commercial transportation of passengers and goods;

(7) The use of oceangoing vehicles for passenger or passenger and goods transportation from one point to another within the State as a public utility as defined in chapter 269; and

(8) The use of material, parts, or tools imported or purchased by a person licensed under chapter 237 which are used for aircraft service and maintenance, or the construction of an aircraft service and maintenance facility as those terms are defined in section 237-24.9;

With regard to purchases made and distributed under the authority of chapter 421, a cooperative association shall be deemed the user thereof.'

"SECTION 8. House Bill 2568 H.D.1 is amended by amending section 20, page 78, line 12, page 81, line 3, and page 82, line 4, to read as follows:

SECTION [20.] 11. Section 238-2, Hawaii Revised Statutes, is amended to read as follows:

"§238-2 Imposition of tax; exemptions. (a) There is hereby levied an excise tax on the use in this State of tangible personal property which is imported, or purchased from an unlicensed seller, for use in this State. The tax imposed by this chapter shall accrue when the property is acquired by the importer or purchaser and becomes subject to the taxing jurisdiction of the State. The rates of the tax hereby imposed and the exemptions thereof are as follows:

(1) If the importer or purchaser of property is licensed under chapter 237 and is (A) a wholesaler or jobber importing or purchasing for purposes of resale, or (B) a manufacturer importing or purchasing material or commodities which are to be incorporated by the manufacturer into a finished or saleable product (including the

container or package in which the product is contained) wherein it will remain in such form as to be perceptible to the senses, and which finished or saleable product is to be sold in such manner as to result in a further tax on the activity of the manufacturer as the manufacturer or as a wholesaler, and not as a retailer, there shall be no tax, provided that if the wholesaler, jobber, or manufacturer is also engaged in business as a retailer (so classed under chapter 237), paragraph (2) shall apply to the wholesaler, jobber, or manufacturer, but the director of taxation shall refund to the wholesaler, jobber, or manufacturer, in the manner provided under section 231-23 (c) such amount of tax as the wholesaler, jobber, or manufacturer shall, to the satisfaction of the director, establish to have been paid by the wholesaler, jobber, or manufacturer to the director with respect to property which has been used by the wholesaler, jobber, or manufacturer for the purposes stated in this paragraph.

- (2) If the importer or purchaser of property is licensed under chapter 237 and is (A) a retailer or other person importing or purchasing for purposes of resale, not exempted by paragraph (1), or (B) a manufacturer importing or purchasing material or commodities which are to be incorporated by the manufacturer into a finished or saleable product (including the container or package in which the product is contained) wherein it will remain in such form as to be perceptible to the senses, and which finished or saleable product is to be sold at retail in this State, in such manner as to result in a further tax on the activity of the manufacturer in selling such products at retail, or (C) a contractor importing or purchasing material or commodities which are to be incorporated by the contract into the finished work or project required by the contract and which will remain in such finished work or project in such form as to be perceptible to the senses, the tax shall be one-half of one per cent of the purchase price of the property, if the purchase and sale are consummated in Hawaii; or, if there is no purchase price applicable thereto, or if the purchase or sale is consummated outside of Hawaii, then one-half of one per cent of the value of such property.
- (3) In all other cases, four [and one-half] per cent of the value of the property.

(b) There is hereby levied an excise tax on the use in this State of services which are imported, or purchased from an unlicensed seller. The tax imposed by this chapter shall accrue when the services are received by the importer or purchaser and become subject to the taxing jurisdiction of the State. The rates of the tax hereby imposed are as follows:

- (1) If the importer or purchaser of the services is a contractor (as defined in section 237-6 and subject to tax under section 237-13(3)) who imports the services of an out-of-state contractor, so much of the value of services performed by the out-of-state contractor and received by the contractor shall be subject to tax at the rate of zero per cent.
- (2) If the importer or purchaser of the services is engaging or continuing within the State in any service business or calling, or other business who, in fact, acts as or acts on the nature of an intermediary between the seller and the ultimate recipient of the benefits of the services, so much of the value of the services as is received by the purchaser or importer shall be subject to the tax at the rate of one-half of one per cent.
- (3) In all other cases, four [and one-half] per cent of the value of the services received."

"SECTION [21.] 12. Section 238-3, Hawaii Revised Statutes, is amended as follows:

'(1) By amending subsections (a) to (d) to read as follows:

"(a) the tax imposed by this chapter shall not apply to any property[,] or services, or to any use of the property[,] or services, which cannot legally be so taxed under the Constitution or laws of the United States, but only so long as, and only to the extent to which the State is without power to impose the tax.

Any provision of law to the contrary notwithstanding, exemptions or exclusions from tax under this chapter allowed on or before April 1, 1978 under the provisions of the Constitution of the United States or an act of the Congress of the United States to the persons or common carriers engaged in interstate or foreign commerce, or both, whether ocean-going or air, shall continue undiminished and be available thereafter.

(b) The tax imposed by this chapter shall not apply to any use of property or services the transfer of which property or services to, or the acquisition of which by, the person so using the same, has actually been or actually is taxed under chapter 237.

(c) The tax imposed by this chapter shall be paid only once upon or in respect of the same property[;] or services; provided that nothing in this chapter contained shall be construed to exempt any property or services or the use thereof from taxation under any other law of the State

(d) The tax imposed by this chapter shall be in addition to any other taxes imposed by any other laws of the State, except as otherwise specifically provided herein; provided that if it be finally held by any court of competent jurisdiction, that the tax imposed by this chapter may not legally be imposed in addition to any other tax or taxes imposed by any other law or laws with respect to the same property or services or the use thereof, then this chapter shall be deemed not apply to the property or services and the use thereof under such specific circumstances, but such other laws shall be given full effect with respect to the property or services and use."

'2. By amending subsections (i) and (j) to read as follows:

"(i) Each taxpayer liable for the tax imposed by this chapter on tangible personal property or services shall be entitled to full credit for the combined amount or amounts of legally imposed sales or use taxes paid by the taxpayer with respect to the same transaction and property or services to another state and any subdivision thereof, but such credit shall not exceed the amount of the use tax imposed under this chapter on account of the transaction and property[.] or services. The director of taxation may require the taxpayer to produce the necessary receipts or vouchers indicating the payment of the sales or use tax to another state or subdivision as a condition for the allowance of the credit.

(j) The tax imposed by this chapter shall not apply to any use of property or services exempted by section 237-26 or section 237-29."

"SECTION [22] 13. Section 238-5, Hawaii Revised Statutes, is amended by amending subsection (a) to read as follows:

'(a) On or before the last day of each calendar month, any person who has become liable for the payment of a tax under this chapter during the preceding calendar month in respect of any property or services or the use thereof, shall file a return with the assessor of the taxation district in which the property was held or the services were received when the tax first became payable, or with the director of taxation at Honolulu, setting forth a description of the property or services and the character and quantity thereof in sufficient detail to identify the same or otherwise in such reasonable detail as the director by rule shall require, and the purchase price or value thereof as the case may be. The return shall be

accompanied by a remittance in full of the tax, computed at the rate specified in section 238-2 upon the price or value so returned. Any tax remaining unpaid after the last day following the end of the calendar month during which the tax first became payable shall become delinquent; provided that a receipt from a seller required or authorized to collect the tax, given to a taxpayer in accordance with section 238-6, shall be sufficient to relieve the taxpayer from further liability for the tax to which the receipt may refer, or for the return thereof.'

"SECTION [23.]14. Section 238-6, Hawaii Revised Statutes, is amended by amending subsection (a) to read as follows:

'(a) For purposes of the taxes due under [sections 238-2(3) and 238-2.5] section 238-2, every seller having in the State, regularly or intermittently, any property, tangible or intangible, any place of business, or any representation as hereinabove defined, (and irrespective of the seller' having or not having qualified to do business in the State) shall, if the seller makes sales of property or services for use in the State (whether or not the sales are made in the State) collect from the purchaser the taxes imposed by [sections 238-2(3) and 238-2.5] section 238-2, on the use of the property or services so sold by the seller. The collection shall be made within twenty days after the accrual of the tax or within such other period as shall be fixed by the director of taxation upon the application of the seller, and the seller shall give to the purchaser a receipt therefor in the manner and form prescribed by the director; provided that this subsection shall not apply to vehicles registered under section 286-50.'

"SECTION [24.] 15. Section 238-9, Hawaii Revised Statutes, is amended to read as follows:

'**§238-9 Records.** Every person who is engaged in any business in the State and who is required under this chapter to make returns, shall keep in the English language in the State and preserve for a period of three years, books of account or other records in sufficient detail to enable the director of taxation, as far as reasonably practicable, to determine whether or not any taxes imposed by this chapter are payable in respect of the property of services concerned, and if so payable, the amount thereof.'

"SECTION [25.]16. Section 238-2.5, Hawaii Revised Statutes, is repealed.

'**§238-2.5 County general excise and use tax surcharge; administration.** (a) the county general excise and use tax surcharge, upon the adoption of a county ordinance under section 46-16.7, shall be levied, assessed, and collected as provided in this section on the value of property taxable under this chapter at the four per cent tax rate under section 238-2(3) in a manner that the combined state use tax and the county general excise and use tax surcharge shall be four and one-half per cent in those counties adopting the surcharge. All provisions of this chapter shall apply to the county general excise and use tax surcharge. With respect to the surcharge, the director shall have all the rights and powers provided under this chapter. In addition, the director of taxation shall have the exclusive rights and power to determine the county or counties in which a person imports or purchases tangible personal property and, in the case of a person importing or purchasing tangible property in more than one county, the director shall determine through apportionment or other means, that portion of the general excise and use tax surcharge attributable to the importation or purpose in each county.

(b) Each county general excise and use tax surcharge shall be levied as of January 1, 1993, and shall continue for a period of ten years through December 31, 2002, or until earlier repealed.

(c) No county general excise and use tax surcharge shall be established upon any use taxable under this chapter at the one-half per cent tax rate or upon any use that is not subject to taxation or that is exempt from taxation under this chapter.

(d) The director of taxation shall revise the use tax forms to provide for the clear and separate designation of the imposition and payment of the county general excise and use tax surcharge.

The taxpayer shall designate the taxation district to which the county general excise and use tax surcharge is assigned in accordance with rules adopted by the director of taxation under chapter 91. The taxpayer shall file a schedule with the taxpayer's periodic and annual general excise and use tax returns summarizing the amount of taxes assigned to each taxation district.

The penalties provided by section 231-39 for failure to file a tax return shall be imposed on the amount of surcharge due on the return being filed for the failure to file the schedule required to accompany the return. In addition, there shall be added to the tax an amount equal to ten per cent of the amount of the surcharge and tax due on the return being filed for the failure to file the schedule or the failure to correctly report the assignment of the use tax by taxation district on the schedule required under this subsection.

(e) All taxpayers who file on a fiscal year basis whose fiscal year ends after December 31, 1992, or after December 31, 2002, shall file a short period annual return for the period preceding January 1, 1993, or preceding January 1, 2003. Each fiscal year taxpayer shall also file a short period annual return for the period starting after December 31, 1992, and ending before January 1, 1994, and for the period starting after December 31, 2002, and ending before January 1, 2004.

All monthly, annual, and amended returns due under this chapter for any period preceding January 1, 2003, which are submitted to the department after December 31, 2002, shall include in payments submitted with the return any county general excise and use tax surcharge that may be due for the period preceding January 1, 2003.'

"SECTION 9. House Bill 2568 H.D.1 is amended by deleting section 26 of the bill in its entirety.

"SECTION 10. House Bill 2568 H.D.1 is amended to:

'SECTION [27.] 17. Statutory material to be repealed is bracketed. New statutory material is underscored.

SECTION [28.] 18. This Act shall take effect upon its approval, provided that:

(1) Part II of this Act shall apply to taxable years beginning after December 31, 1998; provided that if a taxpayer's taxable year includes the effective date of the tax rate changes (unless that date is the first day of the taxable year), then:

(A) The tentative taxes shall be computed by applying the rate for the period before the effective date change, and the rate for the period on and after that date, to the taxable income for the entire year; and

(B) The tax for the taxable year shall be the sum of that proportion of each tentative tax which the number of days in each period bears the number of days in the entire taxable year;

(2) Part III of this Act shall apply to gross receipts received after December 31, 1998, and at all times thereafter, unless the amounts are received pursuant to a binding written contract entered into before July 1, 1998, that does not provide for the passing on of tax, increased until the contract is renegotiated, renewed, extended, or otherwise amended; except that section 16 shall take effect upon approval and apply to taxable periods beginning after September 30, 1998;

(3) Part IV of this Act shall apply to taxable periods beginning after December 31, 1998 [; and

(4) Section 26 of this Act shall take effect on July 1, 1998.]'

"SECTION 11. House Bill 2568 H.D.1 is amended by renumbering the sections of the bill, as appropriate, to conform to the above amendments."

Representative Ward moved that the amendment be adopted, seconded by Representative Moses.

Representative Ward rose to speak in support of the amendment, stating:

"Mr. Speaker, this amendment codifies in the bill, through the amendment, what the Minority Leader's handouts were to you. It mentions the ten-point plan of which we feel not only can the GE tax be decreased from 4.5 down to 4, but that government can be smaller and the personal income tax can proceed.

"Now, I find it difficult that with a three billion dollar budget, we in here will not listen to those out there who say that: keep your government smaller, shorten the size, the length, and the breadth of your spending.

"Now, when the Finance Chair, with all of his credibility, says let's get real, let's be honest, we have to say: what have we done for the last seven years to the State of Hawaii? We have, out of the machinations of our lack of understanding of the budget, deceived the people into thinking that every year we are going to turn around. And, Mr. Speaker, we are right in the process of doing that again now. We cannot cut the size of government, we have to raise the GE tax and for seven years, seven years of famine, we have pretended that we are being responsible. We have pretended that we are being sophisticated, we have pretended we are fiscally doing the right thing. And look what we have got out of that. . .

The Chair interrupted and said:

"Representative, please stick to the amendment."

Representative Ward continued, saying:

"We get a lot of names called because of the things that we propose, but will anyone agree that the direction that even the Governor is taking is wrong. He went from 5.35 of GE tax. It's down from there to 4.75, and with this one, only to 4.5 percent. The direction is correct, and this amendment, Mr. Speaker, will take it the full direction back to where it was and where we can get some sanity back into our fiscal house.

"Now, if we're having an argument on numbers as to whose is the most credible and whose is not the most credible, it is where the political will is with those numbers that make a difference. If there is the political will to cut the size of government, Mr. Speaker, it can be done. I don't think anybody can doubt that. If the political will is there, it can be done.

"In closing, Mr. Speaker, I think this excise tax has taught us something, that those who were caught in the 1935 Tax Advisory Commission on how we can find more money, in a few minutes we are going through another bill that taxes the nonprofits in the State of Hawaii as a new, clever way of making up for our inadequacies.

Representative M. Oshiro then rose on a point of order.

The Chair stated:

"Representative, you know that you are out of order in talking about the other bill. Will you please confine yourself."

Representative Ward continued, saying:

"In conclusion, the lesson was where we can find more moneys, so is the lesson where we can, without relenting,

amend this bill to death. This is the second amendment. We have to amend it three times or four times or five times or six times. This side of the aisle is not going to allow the GE tax increase to pass. If there is anything that we can do, and I know there are no rules on filibustering, but Mr. Speaker, as long as we can keep amending and reamending and reamending a bad bill for the sake of getting a good economy, of which we have been deceiving the people of Hawaii for the last seven years, it is worthwhile. Having said that, let's decrease the GE tax from 4.5 percent to 4 percent as indicated in this bill with the plan that will take \$180 million out of the size of government and put it back where it belongs.

"Thank you."

Representative Moses then rose to speak in support of the amendment, stating:

"As I said earlier, I reserve my comments for this measure. I want to first of all commend the Chair of Finance and other members of this body who have worked so hard to try to come up with some ideas and I know the Chair of Finance doesn't have it easy. But I especially want to commend the Speaker and all the members of this body for finally allowing our ideas to come out in open debate on the floor. We tried to discuss these measures, we brought them up last year. Finally we are getting public debate. Finally we are getting some give and take on whose numbers might be right and what ideas might be right. That's what democracy is all about, Mr. Speaker.

"We heard earlier that there are not three thousand vacancies last year but only a third of that. Then we heard that that's just not enough. I say to you, doesn't every little bit help? You know, our people out there -- the taxpayers -- say that every little bit of tax increase hurts. We have to keep that in mind.

"When we have been told that the numbers are only 'picked from the air,' why don't we openly discuss the numbers. Why don't we allow debate on these issues instead of behind closed doors? And instead of us being told, your numbers don't mean anything.

"I am convinced that to burden our economy with more taxes is the wrong way to go. It is not the answer to saving our economy.

"Mr. Speaker, we have been told that we have been proposing cuts in teachers and prison guards -- that's nonsense. From day one we have said: we do not advocate that approach, we do not want to cut education, we do not want to cut public safety. That doesn't mean we can't make things more efficient. But we do not want to eliminate teachers or prison guards, we need more of them, many more of them.

"Finally, Mr. Speaker, I am going to say again what I said on Friday. If you increase taxes, you decrease revenue. If you decrease taxes, you increase revenue. It has always worked -- every time, every place it's ever been tried. And I end with what I said on Friday: you cannot tax your way into prosperity.

"Thank you, Mr. Speaker."

At 7:45 o'clock p.m., Representative Halford asked for a recess and the Chair declared a recess, subject to the call of the Chair.

The House of Representatives reconvened at 7:46 o'clock p.m.

Representative Halford then rose and stated:

"Mr. Speaker, I want to clarify. I think our word processing program was hyperactive and my name ended up on this amendment. The Clerk asked that I make this announcement on the floor like this to clarify that.

"Also, I would like to call for the question."

The motion was seconded by Representative Whalen and carried.

The motion to adopt the amendment was put to vote by the Chair and failed to carry by voice vote.

Representative Meyer rose to speak against the bill, stating:

"First, I do want to make a comment about my friend and colleague from Waimanalo who intimated that the Republican members of the Finance Committee should have spoken up before now if they were not happy with this bill, and I would direct you to look at the Committee report where you will see that all Republican members voted 'no' on this bill, so this was not something that just popped up today. We discussed it many times.

"Most of the facts about the excise tax have come out. I simply want to say that between 1994 and the end of 1997, over 30,000 jobs have been lost in the private sector. These, for the most part, were small businesses. Multitudes of small business people have left this community.

"An increase in the GE tax will damage any small businesses that are still surviving. As has been said by many of my colleagues, most of the revenues that come to the State come from these small businesses. We simply cannot do this if we want to revitalize our economy. This would just be a terrible blow. People will argue and say that businesses can pass it on. Some of our businesses are so tight -- their margin of profit is so small -- they can't pass it on. Please, I would say, rethink this and vote no on this issue.

"Thank you, Mr. Speaker."

Representative Tarnas then rose to speak in opposition to the bill, stating:

"My opposition is specifically to the increase in the proposed general excise tax. The good news of the personal income tax decrease is compromised, I feel, by the general excise tax increase. It gives a mixed message and it gives me great skepticism about the success in stimulating our economy. I would have rather had the proposals from the Economic Revitalization Task Force Tax Working Group, or even the Tax Review Commission, than this bill. A more modest decrease in personal and corporate income tax and no general excise tax increase, coupled with reducing government expenditures and regulatory reform, would provide a clear message that Hawaii is open for business to build a prosperous, sustainable economy.

"Thank you, Mr. Speaker."

Representative Kawanakoa then rose and stated:

"I have made my remarks on our amendment which we thought was a more preferable way to go. With much regret, I will be voting no because this proposal calls for an increase in the general excise tax, and I made myself clear that that is not the appropriate direction for this House or this State to take our families, our businesses and our economy. So again, I'll have to vote no, Mr. Speaker."

Representative Pendleton then rose to speak against the bill, stating:

"Mr. Speaker, very briefly, I will be voting no and I want it absolutely clear that I am voting no because of the proposed increase in the GET.

"Also, secondarily, we should have pushed forward, or at least incorporated the recommendation of the ERTF to lower the corporate tax. I think that would have sent a good signal to other states and around the world that we are serious about being a business friendly place here.

"For those reasons, I will be voting no."

Representative M. Oshiro then rose to speak in favor of the bill, stating:

"I'm glad that the Finance Committee looked through this bill and studied it very hard and made the adjustments to the ERTF proposal as originally suggested. Also, Mr. Speaker, I am glad that they did not take the recommendations of the Tax Working Group which wanted to have a six hundred million to eight hundred million dollars tax cut the first year. Wrestling with the tax laws in this bill itself is difficult enough.

"I would just like to ask the members to make sure you look at Susan Chandler's March 9th memo regarding her analysis of the tax proposals on the lower income working families, lower income single families, and welfare recipients.

"Thank you, Mr. Speaker."

Representative Fox then rose to speak against the bill, stating:

"You know, I was born in Hawaii in 1943 and some of the historical discussions bother me a little bit. The Governor in 1935 was a Democrat, the Governor in 1947 was a Democrat, the tax increase in 1947 preceded the worst downturn in our economy and the pre-statehood period. 1949 was a very black year, for those of you who remember it like I do, with the dock strike. Things were very bad, so I don't think we should start suggesting that the general excise tax increase led to prosperity. Certainly not with the 1947 example.

"In the depression, Herbert Hoover kept trying to raise taxes to balance the budget and kept sending the U.S. into a worse and worse depression. In Japan last April, as the Tax Review Commission of the Hawaii Bar Association pointed out, their Subcommittee on Taxation, they correctly pointed out that in Japan last spring, on April 1st, they raised the consumption tax from three to five percent, which was followed by an 11.2 percent drop in the Japanese economy at an annual rate. Japan is still trying to recover from that. I said this before, but you know that is a very recent example of what's wrong when you raise the consumption tax. It's the buying habits of the Japanese and they're very important to this economy. It's not the kind of message we want to send.

"Thank you very much, Mr. Speaker."

Representative Arakaki then rose to speak in support of the bill, stating:

"Mr. Speaker, like many others here, I wish we had other viable alternatives to impose instead of an increase but I agree with what others have said. It is a regressive tax because it negatively impacts those on the lower end of the income scale in greater proportions.

"Mr. Speaker, during our mandatory recess, I spent some time in a homeless shelter. I've seen the horrors also -- children abused and neglected -- and I visited some special education classes in our schools, and also saw some elderly and disabled in need of long-term care services that will keep them at home or in a residential setting. And while I did this to better assess the challenges before our Human Services Committee, it also served to remind me of why we are all here, and why we choose public service.

"The last time I checked our State Constitution, the Preamble stated that: 'We affirm our belief in a government of the people, by the people and for the people, and with an understanding and compassionate heart toward all the peoples of the earth, do hereby ordain and establish this Constitution for the State of Hawaii.'

"According to the Constitution, we as a Legislature, as policymakers, shall provide for the public health and care of handicapped persons, provide financial assistance, medical assistance and social services to persons in need. It also provides for security for the elderly, public housing, preservation of a healthful environment, public safety, preserve and develop cultural resources and, of course, for public education. So it is our responsibility and obligation to develop a balanced budget that meets the constitutional mandate and duty to provide the resources to meet these mandates.

"Our constitutional mandates are based on the Democratic and like someone always says before, small 'd' Democratic principle, that we all share in the cost of government through taxation. For those who constantly ask for government to be more like business, the reality is that government is not a business because it provides services, programs and facilities that cost, not make money. The Constitution does not mandate things like promotion of the Miss Universe Pageant, or sports complexes, or even tourism promotion.

"So, I for one, cannot see how one can vote in favor of these measures and yet allow for the reduction of our obligation to provide care for the people. Our government, from what I understand from basic political science, exist to protect and provide for those who are unable to on their own. Our taxation system makes government more like a church than a business. In other words, those with means provide for those who are unable to. And even in difficult economic times, it is still our obligation to meet our constitutional mandates. We all know that when times are tough, the human needs also increase. To continue to cut our budget will take its toll in the health and safety of our people. To continue to cut robs our children of their dreams. As painful as it is politically, if it takes a tax increase to fulfill our constitutional obligations, to meet the needs of our children, our elderly and the disabled, I can and will justify those increases on the basis of our moral imperative.

"In closing, for those who feel that they must represent the will of their constituency, I would like to cite the biblical passage from Mark 15: When Pontius Pilate asked his people to choose between sparing the life of Jesus or sparing the life of a criminal named Barabbas, we all know they chose the criminal. If we choose to abandon the least among us, then we may indeed be choosing the criminal over the righteous. We've got to stop the bleeding, Mr. Speaker, or the blood will be on our hands.

And for these reasons, Mr. Speaker, I support House Bill 2568. Thank you, Mr. Speaker."

Representative Okamura then rose to speak in support of the bill, stating:

"Mr. Speaker, we are in the midst of a serious economic crisis, and it should be clear by now that we can no longer continue the status quo. Inaction is not an option. We must take bold, creative action.

"Mr. Speaker, House Bill 2568, HD 1, represents the largest tax cut in the history of our State, and is the keystone of our package to re-energize our economy. It is a comprehensive bill with powerful effects. We must keep in mind, Mr. Speaker, that this is a net tax decrease for almost all of our citizens. In each of the first two years it will put roughly \$130 million back into the pockets of our citizens. By the third year, that amount increases to \$210 million in net tax savings. This money will circulate into the economy, generating jobs and increasing prosperity.

"This bill also drives a reduction in the size and cost of government. It requires cuts of \$109 million in government in each of the first two years. That amount nearly doubles in the third year to \$203 million. This represents a total cut in government of \$441 million over the next three years.

"As a comprehensive package, this bill provides a 35 percent reduction in personal income taxes for the vast majority of our residents. And as our Floor Leader indicated on Friday, the poll that was taken, when explained to the taxpayers of Hawaii, they overwhelmingly support this package when they understand that.

"This emphasis on personal income tax reduction will also stimulate the growth of small businesses. More than 80 percent of all businesses in Hawaii today -- that's big, large and small businesses -- pay personal income rather than corporate taxes, and the whole majority of them will save 35 percent in their income taxes.

"Mr. Speaker, despite the overwhelming positive effects of this bill, some still criticize it because of the half-percent increase in the general excise tax. I agree that raising the GET without making any other changes would not be good. But if this increase is combined with other reductions -- which puts money back into the pockets of our residents -- then it is good.

"Also, the one-half percent increase produces \$162 million in revenues of which, and these are statistics from the State Tax Department, roughly one-third or \$49 million of that will be paid by tourists. In other words, it is an exportable tax. These will be offset by the revenue lost from the reduction in the personal income tax, and we must continue providing our citizens with essential public services -- and I'm talking about schools and building of prisons to protect our public.

"Mr. Speaker, a prior speaker mentioned that the incidence in Japan where the increase of their sales tax resulted in hurting the economy even more. Japan increased the consumption tax in isolation. Their tax increase was not tied to a reduction in income tax as is the proposal in Hawaii. Therefore, Japan's experience cannot be used as a guide.

"There was also reference, Mr. Speaker, that the State needs to cut back on State government, and we have. In the last three years, over three thousand positions have been cut. Many of the departments are at a bare bones budget currently. If we continue to just make humongous cuts, we're going to be talking about the schools, we're going to be talking about the prisons. Since 1994 State expenditures have fallen by ten percent, and they have fallen by 14 percent in inflation adjusted terms.

"Also, it was mentioned that a lot of the increase in the general excise tax will be borne by most of the businesses in Hawaii. Evidence indicates that 94 percent of the general excise tax paid by Hawaii residents is borne in their capacity as consumers. Let me also say that the 94 percent estimate is based on data from the U.S. Department of Commerce, Bureau of Labor Statistics' consumer expenditure survey.

"Mr. Speaker, the proposed bill, taken as a whole, will lead to an overall reduction in State taxes. It may be an effective rhetorical device to focus on one element of the proposal, but it is bad economics and it does a disservice to Hawaii citizens and taxpayers. We all have a great deal at stake in the condition of Hawaii's economy. A narrow analysis of the tax proposals raise the risk that nothing will get done to change the elements of Hawaii's economic environment over which we have some control. I urge the members to vote for this bill. Thank you."

Representative Aiona then rose to speak against the bill, stating:

"Mr. Speaker, I am kind of awestruck because I listen to the Chair of the Finance Committee speak and that's the first time that anyone in Leadership has ever spoken about our plan publicly. That's the first time that on both sides of the chambers, they've actually discussed that or recognized our plan, and I thank you for that and ask that he also speak to the Executive branch about our plan as well, and if we can get that far we have other proposals, too, that he can communicate to the Executive branch.

"You know, Mr. Speaker, in addition to what was discussed tonight, I think we're forgetting one thing. There's a discussion taking place here, and I think that's good. There's bipartisan discussion taking place about what's right and what's wrong for our economy, and I think that's great, and I think that's a first step and we ought to continue that and foster that communication.

"The Majority Leader talked about this being the largest tax cut in history. Well, he's right, but it's also the largest tax increase in history as well, and that's why I have problems with this bill. I regret voting no on it, I'd love to vote for a tax cut but with the tax increase, it forces me to vote no. I hope that after the Conference Committee, when it comes back to the House, that there will be no increase in the general excise tax and we can all stand here proudly and vote for the largest tax cut along with some reductions in government as well.

"Mr. Speaker, I just have one more thing to say to the members if you permit me to do so. You know, we weren't sent here by the Governor, we weren't sent here by the Task Force, we were sent here by the people. And when we vote on this measure, I think we have to take the people's concerns and the people's comments to heart. When I talk to my constituents and when I talk to the man on the street, they don't want an increase in the general excise tax and they want to see a reduction in government to pay for the tax cut. And I think that if you dig deep in your hearts and really think about it, you know honestly and truthfully that the people don't want this increase and the right thing to do is vote no because in November, they might just say no to you.

"Thank you, Mr. Speaker."

Representative Santiago then rose and stated:

"Mr. Speaker, I just feel compelled, after having heard those last words, you know, we need to somehow rise above the partisan politics in this chamber -- we really do. You know what else I have to say? When the people

sent me down here, they wanted somebody to represent them with honesty, with integrity. They didn't want somebody to come down here and do what is politically right all the time so that I can go back home and win elections. They know that about me. I will face them, I will face them and I will look them in the eye, and I will say, with the sincerity that I say to you here tonight, that I believe what I say on this floor with every ounce of integrity and sincerity that you say what you say on this floor. And I get a little bit tired when I hear the partisan politics about ideas which are from this side or from that side that absolutely sickens me. The people deserve better. Let us rise to that level, please. We are in some very difficult times people.

"You know, you talk about headlines, I forgot my paper. There was a headline recently about a woman who orphaned a thirteen year old child, who died from a bleeding ulcer because we didn't have enough funds for our health clinics which is the last frontier, which is the trenches.

"Representative Arakaki said some very strong words I share with him. Mr. Speaker, all I can say is this: we have cut, ever since I have been here. I have been here eight years now. Let me give you some institutional memory. Since I have been here, those of you know what my position is for those who don't have the voice to come down here and form coalitions and be powerful and threaten to kick people out of office if they don't vote our way, and do a good job at it. No, these are people that aren't going to be that powerful, but they will end up orphaning thirteen year old children. They will end up throwing themselves in front of buses when they are fearful that their medication will be cut because of the restrictions we have been putting in our budgets.

"And I don't care to hear about how it's the economy, and if we don't do something about the economy it's going to get worse. I want to hear us talk about what basic bottom line responsibilities we have to the people, to the people who need our help. We have not done that. We cannot talk about the economy as if it exists in a vacuum. Yes, if we're going to stimulate the economy with such a drastic reduction in our income tax, which everybody out there wants, we have to balance it somewhere. You can't have your cake and eat it too. It doesn't go both ways.

"Representative Tarnas, I share his words. I could put that in the Journal as if it were my own. Let's be more modest in what we give back if we're not going up with the .05 percent. I'll support that. But one thing I will not do is sit here and listen to the partisan politics because that absolutely is not what it is about. I don't care what side of the fence you sit on.

"Thank you, Mr. Speaker."

Representative Okamura then asked for the question.

"The motion was seconded by Representative Menor and carried.

At 8:11 o'clock p.m., the Chair declared a recess, subject to the call of the Chair.

The House of Representatives reconvened at 8:12 o'clock p.m.

Representative Abinsay submitted the following remarks for insertion into the Journal:

"Mr. Speaker, I rise to speak in support of H.B. No. 2568, HD 1.

"First, I would like to commend the good work and leadership of the Chairman of Finance Committee, Representative Calvin Say, and his staff. I know that they labored hard and long hours throughout these past few weeks, and they deserved our recognition and appreciation of their hard work.

"Mr. Speaker, this measure is to restructure Hawaii's tax systems to implement one of the key recommendations of the Economic Revitalization Task Force, which will help to improve our economy in the areas of taxes, regulations, education, tourism, government and Hawaiian issues. The ERTF recommendation is based on the premise that it will:

- (1) Reduce the cost of living and the cost of doing business in Hawaii;
- (2) Improve the regulatory climate and efficiency of government;
- (3) Strengthen the marketing and promotion of tourism; and
- (4) Make structural changes to improve Hawaii's education.

"Mr. Speaker, House Bill 2568, HD 1, proposes to reduce personal income tax rates by lowering the top rate of 10 percent to 8.5 percent and lowering the tax rate for the lowest tax brackets by 25 percent in the first two years of implementation. In the third year, it further lowers the top rate to 8 percent and lower those in the lower brackets by 35 percent.

"This bill also establishes a new refundable low-income tax credit which will give additional help for the lower income taxpayers. Mr. Speaker, like everybody in this chamber, I was concerned about the increase in the general excise tax (GET) from 4 percent to 4.5 percent. But as I look deeper into the tax reforms proposed in this bill, I came to the conclusion that the savings from these two major tax reforms, the new lower income tax rates and the refundable low-income tax credit will more than offset the impact of the raising of the general excise tax by one-half of one percent. Based on this approach and for the reasons I have stated, I am supporting the passage of H.B. No. 2568, HD 1.

"Thank you, Mr. Speaker."

Representative Hiraki submitted the following remarks for insertion into the Journal:

"Mr. Speaker, I wanted to clarify that I am voting against this bill because of the provision that raises the excise tax.

"Thank you."

Representative Takai submitted the following remarks for insertion into the Journal:

"Mr. Speaker, I rise in opposition of this measure.

"The current proposal increases the general excise tax from 4 to 4.5 percent. I appreciate the Finance Committee's efforts to lower the increase from an initial 5.35 percent, however, I still do not believe that an increase in the GET is in the best interest of the State and our residents.

"There are a few aspects of the economy that we in the Legislature can control. We can't control the economies of our friends to the East, nor to the West. However, we

can (either positively or negatively) guide the spending confidence of our residents.

"An increase in the GET will not enhance the spending confidence of our residents. In fact, I'm afraid that an increase in the GET will throw our State's economy in a rapid downward spiral.

"I strongly believe that we can provide for a reduction in individual income taxes and at the same time keep the GET at 4 percent. How can we do this? Simple. We can provide a 5 percent reduction of income taxes for the next two years and a 10 percent reduction of income taxes for the third year. Additionally, we can reduce the corporate and franchise tax by 15 percent for the next three years. Finally, since under this proposal there is no increase of GET, there should be no additional tax credits for low income persons.

"The cost of this proposal for the first two years is \$57 million (\$45 million for the individual income tax and \$12 million for the corporate and franchise tax). The cost of this proposal for the third year is \$103 million (\$91 million for the individual income tax and \$12 million for the corporate and franchise tax).

"Please note that the \$57 and \$103 million are still cheaper (cost less in terms of the real costs to the general fund) than the proposal in the latest draft of H.B. 2568. In other words, we could save the residents the agony of a GET increase, provide for a modest individual income tax reduction, and preserve their spending confidence."

Representative Thielen submitted the following remarks for insertion into the Journal:

"Mr. Speaker, I would like to rise in opposition to H.B. 2568, HD 1. When the Economic Revitalization Task Force originally released its reform package, I was very sympathetic to its goals. In its original form it attempted to cut the red tape that stifles local businesses, restructure the tax system to export more of our tax burden to tourists, and generally try to streamline government operations.

"But the original Task Force proposals have been watered down as the bills have made their way through the legislative process. The corporate income tax cut that was supposed to attract new business to the State has been deleted. The provisions to fix the pyramiding of the GET were removed by the Governor. The newspapers say that the Task Force was supposed to send a message to business that Hawaii was a friendly place for investment. The watered down version of the bill before us sends business one message: it's time to pay another .05 percent tax on your gross revenues.

"The version of the bill that stands before us will do little to revitalize the economy. The proponents of this bill claim that it will give a net tax break of \$158 million next year. This is a drop in the bucket compared to the billions that circulate in the Hawaiian economy. Last year this Legislature authorized around half a billion dollars in additional bond spending. Has our economy been revitalized because of all that new money in the economy? Judging by the constant announcements of new layoffs, I would have to say no.

"Hawaii needs wholesale reform to cure our economic maladies. Raising the GET to 4.5 percent will harm businesses and independent contractors that cannot pass on the GET increase. With the Asian economies melting down, Japan still in their recession, and many of our constituents worried about their own economic future, the cuts in personal income taxes may not be spent in the local economy. People all around Hawaii are tightening

their belts and bracing for a continuation of the slumping economy.

"Even with the cuts in the income tax, many taxpayers will not foolishly go out and spend their extra dollars. With no end in sight to our economic woes, they will try to accumulate a nest egg, or pay off their credit card debts, or increase their savings for retirement. Why would they go out and buy a new car if they think that they might get laid off in a few months? And if they don't spend that extra money in the economy, we will have only made things worse.

"It is unfortunate that that final form of this bill does not match its original promise. As a result, I must vote no on this bill.

"Thank you, Mr. Speaker."

Representative Case submitted the following remarks for insertion into the Journal:

"Mr. Speaker, I rise in opposition to this measure, and wish to incorporate by reference my previous remarks on the floor amendment offered by the Representative from the 26th District (Punchbowl-Pauoa) as well as the bill itself by the Representative from the 6th District (North Kona-South Kohala). I also wish to address previous comments maintaining that the revenue loss associated with adopting the recommendations of the 1995-97 Tax Review Commission or the Economic Revitalization Task Force's Taxation Working Group would be onerous.

"On personal income tax reforms, the ERTF Tax Working Group essentially endorsed the Tax Review Commission's recommendations. The Tax Review Commission, which, like the ERTF working group, was comprised of tax experts, recommended: (1) reducing income tax rates and broadening tax brackets; (2) increasing the standard deduction; and (3) increasing the personal exemption. These proposals were judged against the criteria of efficiency, equity, simplicity, stability, accountability and competitiveness, and would provide tax relief while restructuring our tax system to enhance economic efficiency.

"The estimated short-term annual revenue loss from implementation of the Tax Review Commission's specific personal income tax recommendations was \$203 million, or \$68 million less than the income tax relief alone proposed in this bill. Implementation of the Commission's carefully-considered reforms in place of this bill's rate reduction/tax credit proposal, but without the general excise tax increase also proposed in this bill, would have offered effective and fair tax relief while bringing us closer to a balanced budget.

"I had prepared a floor amendment to this effect, which ultimately appeared to be a pointless exercise under the circumstances. However, as this bill apparently proceeds as prepared, I offer this proposal for consideration as a reasoned alternative which would both enhance personal incomes and reduce government spending.

"Thank you."

Representative Lee submitted the following remarks for insertion into the Journal:

"Mr. Speaker, I rise in support of H.B. 2568 with reservations.

"I am voting in favor of the bill, because it is our principal vehicle in stimulating our economy and reviving growth and jobs.

"There is no denying that we must provide incentives for investment and increase disposable income for consumer confidence and spending, but we must remember we have to maintain essential services such as public safety, schools and child protection.

"I have misgivings about the GET. Even a half percent increase in the GET may have the same psychological effect it had when the Japanese government increased its sales tax last March.

"(Perhaps, this is a small bow to the recommendations of the ERTF. Perhaps we will straighten up after the Crossover.)

"In addition to the excise tax, I am skeptical about the earned income tax credit. It will simply increase the administrative burden on the Tax Department and will result in a \$42 million cost.

"It would be more prudent and efficient to simply exempt the first \$10,000 or \$20,000 from taxable income as proposed in H.B. 3510.

"In H.B. 2568, the marriage penalty is retained, and exemptions rise with each additional dependent. As everyone knows, each additional dependent demands additional resources in education, health, safety, etc.--up to 18 years. Better to have each dependent, or parents, bear some cost for those additional resources. Or, even better, not provide the exemptions.

"Why penalize marriage? We should support strong personal relationships economically, for such relationships are economic partnerships as well as social partnerships for the parenting of children.

"The serious fiscal crisis facing the State and the dismal economic performances in this decade are finally forcing us to act: we are acting ten years too late.

"When the Federal government enacted the Tax Reform Act of 1986, the State continued its conservative policies and did not adjust its tax rates accordingly.

"The Tax Reform Act came at the height of the Japanese investment boom. The economy provided business with profits, people with jobs, and the State with enormous tax revenues.

"To this huge surplus was added the huge profits made by the Employees Retirement System. The ERS made an 18 percent return one year, and during the 1980s decade, ERS gave back one billion dollars to the general fund!

"The Legislature took the popular road by giving the money not only to the taxpayers, but to all the people. Again, stimulating demand in boom times! One year it was \$125 per person, and the next \$60.

"Someone with 10 children and a spouse would collect \$1,500; then \$720 the next year. Ask the Tax Department how many more thousands filed in those years; nontaxpayers, and even nonresidents filed!

"The Legislature should have established a rainy day fund, should have raised the GET to fund public investments such as mass transit, lowered income tax rates to stimulate private investment, and allowed the ERS to keep its earnings. We did do the latter because we could not fund the government's share for retirement.

"Now is the time to give the people relief by lowering taxes. It is too late to raise GET, but never too early to start a rainy day fund, even if it's only one dollar."

Representative Morita submitted the following remarks for insertion into the Journal:

"Mr. Speaker, I stand in opposition to this bill.

"I would first like to acknowledge and thank the Majority Leadership and the Chair of the House Finance Committee for all your efforts and hard work in dealing with a very difficult issue of our economy that has resulted in very difficult times. The decisions we make today, and on Thursday with our proposed budget, are very serious and the ramifications of its impact touch all in this State.

"The one element of this tax package I cannot support is the increase in the general excise tax. Although it may be a miniscule amount, I believe the effect on business and consumer confidence will be devastating. In today's Honolulu Advertiser the editorial addresses economic renewal beginning with public confidence. This tax package sends a mixed, confusing message. Cut income tax, raise general excise tax, don't worry, trust government, you may get it back in the end.

"Unfortunately, I do not believe the public can trust government. We have not produced a careful strategy to address economic diversification to improve our tax revenue base that will go beyond this legislative session and the next election. The public does not expect instant cures or miracles. But I believe the public would be supportive if we took small, positive steps towards long-range plans for economic diversification. Economic revitalization will only occur with economic diversification and fully planned, long-term strategy to obtain business and consumer confidence.

"While I would like to be supportive of the House Leadership, I cannot wholeheartedly embrace a measure that will adversely affect public confidence and defies basic economic principles."

Representative Menor submitted the following remarks for insertion into the Journal:

"I would like to offer a few brief comments in support of H.B. 2568, HD 1, but with very serious reservations.

"Mr. Speaker, as is the case with many of my colleagues, even among those who will be voting for this measure, I too have serious problems with this bill because of the provision that increases the excise tax from 4% to 4.5%. I continue to find this provision to be highly problematic and objectionable, given the regressive nature of the excise tax and possible dampening effect that a tax increase could have on our island economy.

"Nevertheless, I will be voting reluctantly in support of moving this bill out to the Senate for further consideration because to the credit of Chairman Calvin Say of the House Finance Committee, it contains many positive provisions to reduce taxes that could help to revitalize Hawaii's economy and provide tax relief to Hawaii's consumers. Among its provisions, H.B. 2568 HD 1, would: reduce the personal income tax by expanding the range of top brackets and lowering all rates; reduce the top personal income tax rate from 10% to 8.5% in the first two years and then to 8% for individuals and estates and trusts; and exempt exported services from the general excise tax. Accordingly, I support moving this bill out for the specific purpose of keeping the tax relief provisions alive for further consideration. Moreover, I recognize that after this bill passes out of the House, the measure will not automatically become law but will have to undergo an exhaustive and careful review by the Senate and then be referred to a House and Senate conference

committee for further consideration before we take a final vote at the end of session.

"Mr. Speaker, for all of these reasons, I am voting in support of H.B. 2568, HD 1, but with grave reservation."

Representative Yoshinaga submitted the following remarks for insertion into the Journal:

"Although I oppose the provision that increases the excise tax from 4% to 4.5%, I am in favor other tax reforms that are considered in this measure. As my record will show, I am in favor of tax reform that takes into consideration the needs of my constituents. I have introduced many tax reform measures in the three years that I have been a legislator, and I believe it is important to continue to debate tax policy.

"House Bill 2568, HD 1, provides tax breaks for the elderly and low-income residents of our State. This is a very important issue for a large number of my constituents. And as many of my colleagues must also realize, this is a very important issue in districts statewide. As responsive legislators, we need to pay attention to the fundamental and the visionary aspects of economic reform. The fundamental is that our constituents want tax reforms that will help, and not hurt, them. The visionary is that we find the paths to reach those fundamental expectations. Although this measure seeks to raise the excise tax, it also contains provisions that address the possibility of reaching the fundamental requests of many of our constituents by reducing personal income taxes for our residents.

"For these reasons, I am voting in support of H.B. 2568, HD 1, with reservations."

The motion was put to vote by the Chair and carried, and H.B. No. 2568, HD 1, entitled: "A BILL FOR AN ACT RELATING TO TAXATION," passed Third Reading by a vote of 27 ayes to 24 noes, with Representatives Ahu Isa, Aiona, Case, Fox, Halford, Hiraki, Kawanakoa, Marumoto, McDermott, Meyer, Morihara, Morita, Moses, Pendleton, Saiki, Stegmaier, Takai, Takamine, Takumi, Tarnas, Thielen, Ward, Whalen and White voting no.

The Chair directed the Clerk to note that H.B. Nos. 2750, 2758, 1160, 2552, 2399, 2558 and 2568 had passed Third Reading at 9:56 o'clock p.m.

STANDING COMMITTEE REPORTS

Representative Say, for the Committee on Finance, presented a report (Stand. Com. Rep. No. 804-98) recommending that H.B. No. 2500, as amended in HD 1, pass Second Reading and be placed on the calendar for Third Reading.

Representative Say moved that the report of the Committee be adopted and H.B. No. 2500, HD 1, pass Second Reading and be placed on the calendar for Third Reading, seconded by Representative Kawakami.

Representative Moses rose in support of the bill, stating:

"Experts much more knowledgeable than I, have indicated the groundbreaking for the Kapolei High School, which is not currently funded in the budget, must be done by next February or we'll not be able to get the students in there that will be coming out of the Kapolei Middle School.

"So what I urge is that the Finance Chair, my colleagues, at least appropriate a small amount so the groundbreaking can occur by February 1999, so that that graduating class of the Middle School will be accommodated in the Kapolei High School. That high school basically, with a different name, was promised since 1962, Mr. Speaker."

Representative Halford then rose to speak against the bill, stating:

"In 1995, our budget was based partly on an increase in the general excise tax by taking away tax credits. I voted 'no' on that budget.

"This budget before us right now is assuming that there will be money from a tax increase in the general excise tax. I'll vote 'no' now."

Representative McDermott then rose to cast his "no" vote on the budget, and the Chair "so ordered."

The motion was put to vote by the Chair and carried, and the report of the Committee was adopted and H.B. No. 2500, HD 1, entitled: "A BILL FOR AN ACT RELATING TO THE STATE BUDGET," passed Second Reading and was placed on the calendar for Third Reading, with Representatives Halford and McDermott voting no, and Representatives Herkes, Hiraki and Santiago being excused.

Representative Say, for the Committee on Finance, presented a report (Stand. Com. Rep. No. 805-98) recommending that H.B. No. 2710, as amended in HD 1, pass Second Reading and be placed on the calendar for Third Reading.

On motion by Representative Say, seconded by Representative Kawakami and carried, the report of the Committee was adopted and H.B. No. 2710, HD 1, entitled: "A BILL FOR AN ACT RELATING TO THE JUDICIARY," passed Second Reading and was placed on the calendar for Third Reading, with Representatives Herkes, Hiraki and Santiago being excused.

INTRODUCTION OF RESOLUTIONS

By unanimous consent, the following concurrent resolutions (H.C.R. Nos. 72 through 74) were referred to Printing and further action was deferred:

H.C.R. No. 72, entitled: "HOUSE CONCURRENT RESOLUTION REQUESTING PROVISION OF TOURISM TRAINING ON THE NEIGHBOR ISLANDS," was offered by Representative Cachola.

H.C.R. No. 73, entitled: "HOUSE CONCURRENT RESOLUTION REQUESTING THE ESTABLISHMENT OF TOURISM FORECASTING COUNCIL," was jointly offered by Representatives Cachola, Fox, Morita and White.

H.C.R. No. 74, entitled: "HOUSE CONCURRENT RESOLUTION REAFFIRMING STATE CONTROL OVER INSURANCE LEGISLATION," was jointly offered by Representatives Yamane and Herkes.

HOUSE COMMUNICATION

A communication dated March 10, 1998, from Patricia Mau-Shimizu, Chief Clerk of the House of Representatives, to The Honorable Benjamin J. Cayetano, Governor of the State of Hawaii, giving notice of the final form of House Bill No. 2529, HD 1, entitled:

"PROPOSING AN AMENDMENT TO ARTICLE III, SECTION 6, OF THE HAWAII CONSTITUTION, TO CHANGE THE ELIGIBILITY TO SERVE AS A MEMBER OF THE SENATE OR HOUSE OF REPRESENTATIVES," in accordance with the provisions of Article XVII, Section 3 of the Hawaii State Constitution..

ANNOUNCEMENTS

Representative Ward: "I'm calling for a brief stand-up Minority caucus in the Minority Caucus Room immediately after adjournment."

Representative Meyer: "Just a question. Did we vote on the Judiciary budget?"

The Chair answered in the affirmative.

ADJOURNMENT

At 9:59 o'clock p.m., on motion by Representative M. Oshiro, seconded by Representative Marumoto and carried, the House of Representatives adjourned until 11:30 o'clock a.m. on Thursday, March 12, 1998.

TWENTY-EIGHTH DAY

Thursday, March 12, 1998

The House of Representatives of the Nineteenth Legislature of the State of Hawaii, Regular Session of 1998, convened at 11:47 o'clock a.m., with the Speaker presiding.

The invocation, which was preceded by a charismatic dance rendition of the Lord's Prayer by Ms. Colleen Namuru, was delivered by Pastor Wayne Cordeiro from New Hope Christian Fellowship, after which the Roll was called showing all members present with the exception of Representative Yonamine, who was excused.

By unanimous consent, reading and approval of the Journal of the House of Representatives of the Twenty-Seventh Day was deferred.

GOVERNOR'S MESSAGES

The following messages from the Governor (Gov. Msg. Nos. 180 through 182) were received and announced by the Clerk and were placed on file:

Gov. Msg. No. 180, transmitting copies of the following: Report to the Nineteenth Legislature, State of Hawaii, 1998, on Act 111, Session Laws of Hawaii, 1994, Relating to Health Insurance Benefits.

Gov. Msg. No. 181, transmitting copies of the following: Report to the Nineteenth Legislature, State of Hawaii, 1998, Pursuant to Section 329-3, Hawaii Revised Statutes, Requiring a Report by the Hawaii Advisory Commission on Drug Abuse and Controlled Substances (HACDACS).

Gov. Msg. No. 182, transmitting copies of the Hawaii Visitors Bureau Funding Report, prepared by the Hawaii Public Broadcasting Authority, Department of Commerce and Consumer Affairs, pursuant to House Bill 1220, HD 1, SD 1, CD 1.

SENATE COMMUNICATIONS

The following communications from the Senate (Sen. Com. No. 33 through 382) were received and announced by the Clerk and were placed on file.

Sen. Com. No. 33, returning H.B. No. 967, HD 2, entitled: "A BILL FOR AN ACT RELATING TO OCEAN RECREATION MANAGEMENT," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 34, returning H.B. No. 1649, HD 2, S.D. 1, entitled: "A BILL FOR AN ACT RELATING TO PERJURY," which passed Third Reading in the Senate on March 10, 1998, in an amended form.

Sen. Com. No. 35, returning H.B. No. 1699, HD 2, S.D. 1, entitled: "A BILL FOR AN ACT RELATING TO THE HAWAII CAPITAL LOAN PROGRAM," which passed Third Reading in the Senate on March 10, 1998, in an amended form.

Sen. Com. No. 36, returning H.B. No. 1800, S.D. 1, entitled: "A BILL FOR AN ACT RELATING TO CASH MANAGEMENT OF STATE FUNDS," which passed Third Reading in the Senate on March 10, 1998, in an amended form.

Sen. Com. No. 37, returning H.B. No. 1815, HD 1, S.D. 2, entitled: "A BILL FOR AN ACT RELATING TO

THE EMPLOYEES' RETIREMENT SYSTEM," which passed Third Reading in the Senate on March 10, 1998, in an amended form.

Sen. Com. No. 38, returning H.B. No. 1830, HD 1, S.D. 1, entitled: "A BILL FOR AN ACT RELATING TO EMERGENCY MEDICAL SERVICES," which passed Third Reading in the Senate on March 10, 1998, in an amended form.

Sen. Com. No. 39, returning H.B. No. 1868, HD 2, S.D. 2, entitled: "A BILL FOR AN ACT RELATING TO THE HAWAII HURRICANE RELIEF FUND," which passed Third Reading in the Senate on March 10, 1998, in an amended form.

Sen. Com. No. 40, returning H.B. No. 2222, HD 2, S.D. 2, entitled: "A BILL FOR AN ACT MAKING AN APPROPRIATION TO MATCH FEDERAL FUNDS FOR ESTABLISHMENT OF MANUFACTURING EXTENSION PROGRAMS," which passed Third Reading in the Senate on March 10, 1998, in an amended form.

On motion by Representative Okamura, seconded by M. Oshiro and carried, the House disagreed to the amendments proposed by the Senate to House Bill Nos. 1649, HD 2, (SD 1); 1699, HD 2, (SD 1); 1800, (SD 1); 1815, HD 1, (SD 2); 1830, HD 1, (SD 1); 1868, HD 2, (SD 2); and 2222, HD 2, (SD 2), and requested a conference on the subject matter of said amendments.

By unanimous consent, naming of the conferees was deferred.

By unanimous consent, H.B. Nos. 1649, HD 2; 1699, HD 2; 1800; 1815, HD 1; 1830, HD 1; 1868, HD 2; and 2222, HD 2, as amended by the Senate, were placed on the Clerk's desk.

Sen. Com. No. 41, transmitting S.B. No. 105, SD 2, entitled: "A BILL FOR AN ACT RELATING TO A COMMISSION ON ENDANGERED PLANTS AND ANIMALS," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 42, transmitting S.B. No. 379, SD 2, entitled: "A BILL FOR AN ACT RELATING TO RECYCLING," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 43, transmitting S.B. No. 616, SD 1, entitled: "A BILL FOR AN ACT RELATING TO FUNDS," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 44, transmitting S.B. No. 705, SD 2, entitled: "A BILL FOR AN ACT RELATING TO CIVIL SERVICE EXEMPTIONS FOR THE JUDICIARY," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 45, transmitting S.B. No. 721, SD 1, entitled: "A BILL FOR AN ACT RELATING TO THE JUDICIARY," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 46, transmitting S.B. No. 785, SD 1, entitled: "A BILL FOR AN ACT RELATING TO ETHICS," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 47, transmitting S.B. No. 1012, entitled: "A BILL FOR AN ACT RELATING TO THE GENERAL EXCISE TAX," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 48, transmitting S.B. No. 1081, SD 1, entitled: "A BILL FOR AN ACT RELATING TO CONSERVATION AND RESOURCES," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 49, transmitting S.B. No. 1196, SD 1, entitled: "A BILL FOR AN ACT RELATING TO MOTOR VEHICLES," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 50, transmitting S.B. No. 1273, SD 1, entitled: "A BILL FOR AN ACT RELATING TO VICTIMS OF SEXUAL ASSAULT," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 51, transmitting S.B. No. 1384, entitled: "A BILL FOR AN ACT RELATING TO MOTORCYCLE INSURANCE," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 52, transmitting S.B. No. 1465, entitled: "A BILL FOR AN ACT RELATING TO PUBLIC EMPLOYEES," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 53, transmitting S.B. No. 1469, SD 1, entitled: "A BILL FOR AN ACT RELATING TO AN EMERGENCY AND BUDGET STABILIZATION FUND," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 54, transmitting S.B. No. 1480, SD 1, entitled: "A BILL FOR AN ACT RELATING TO THE EMPLOYEES' RETIREMENT SYSTEM," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 55, transmitting S.B. No. 1559, SD 2, entitled: "A BILL FOR AN ACT RELATING TO ENVIRONMENTAL HEALTH," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 56, transmitting S.B. No. 1587, SD 2, entitled: "A BILL FOR AN ACT RELATING TO WASTEWATER," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 57, transmitting S.B. No. 1638, SD 1, entitled: "A BILL FOR AN ACT RELATING TO THE OFFICE OF HAWAIIAN AFFAIRS BUDGET," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 58, transmitting S.B. No. 1946, SD 1, entitled: "A BILL FOR AN ACT RELATING TO THE PRACTICE OF MEDICINE," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 59, transmitting S.B. No. 2025, SD 2, entitled: "A BILL FOR AN ACT RELATING TO PLANT AND NON-DOMESTIC ANIMAL QUARANTINE," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 60, transmitting S.B. No. 2026, SD 1, entitled: "A BILL FOR AN ACT RELATING TO SMALL BUSINESS INNOVATION RESEARCH GRANTS," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 61, transmitting S.B. No. 2037, SD 1, entitled: "A BILL FOR AN ACT RELATING TO HEALTH INSURANCE," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 62, transmitting S.B. No. 2056, SD 1, entitled: "A BILL FOR AN ACT RELATING TO

NOISE," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 63, transmitting S.B. No. 2063, SD 2, entitled: "A BILL FOR AN ACT RELATING TO LAND USE," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 64, transmitting S.B. No. 2065, SD 1, entitled: "A BILL FOR AN ACT RELATING TO THE GENERAL EXCISE TAX," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 65, transmitting S.B. No. 2078, SD 1, entitled: "A BILL FOR AN ACT RELATING TO OCEAN RECREATION," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 66, transmitting S.B. No. 2092, SD 1, entitled: "A BILL FOR AN ACT RELATING TO INCOME TAX LAW," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 67, transmitting S.B. No. 2099, SD 2, entitled: "A BILL FOR AN ACT RELATING TO CHILD PASSENGER SAFETY," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 68, transmitting S.B. No. 2121, SD 1, entitled: "A BILL FOR AN ACT RELATING TO ELECTIONS BY MAIL," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 69, transmitting S.B. No. 2123, entitled: "A BILL FOR AN ACT RELATING TO BOARDS OF REGISTRATION," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 70, transmitting S.B. No. 2125, SD 1, entitled: "A BILL FOR AN ACT PROPOSING AN AMENDMENT TO ARTICLE III, SECTION 6, OF THE HAWAII CONSTITUTION, TO CHANGE THE ELIGIBILITY TO SERVE AS A MEMBER OF THE SENATE OR HOUSE OF REPRESENTATIVES," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 71, transmitting S.B. No. 2127, SD 1, entitled: "A BILL FOR AN ACT RELATING TO COUNTY ELECTIONS REQUIRING A RUNOFF," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 72, transmitting S.B. No. 2128, SD 1, entitled: "A BILL FOR AN ACT RELATING TO LOBBYING," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 73, transmitting S.B. No. 2129, entitled: "A BILL FOR AN ACT RELATING TO THE ETHICS COMMISSION," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 74, transmitting S.B. No. 2132, SD 1, entitled: "A BILL FOR AN ACT RELATING TO LIQUOR LICENSES," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 75, transmitting S.B. No. 2136, SD 1, entitled: "A BILL FOR AN ACT RELATING TO LIQUOR CONTROL ADJUDICATION BOARD," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 76, transmitting S.B. No. 2148, SD 1, entitled: "A BILL FOR AN ACT RELATING TO PUBLIC LANDS," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 77, transmitting S.B. No. 2171, SD 2, entitled: "A BILL FOR AN ACT RELATING TO SCHOOL HEALTH SERVICES," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 78, transmitting S.B. No. 2185, SD 2, entitled: "A BILL FOR AN ACT RELATING TO MOTOR VEHICLE TOWING FEES," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 79, transmitting S.B. No. 2201, SD 2, entitled: "A BILL FOR AN ACT RELATING TO TOURISM," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 80, transmitting S.B. No. 2204, SD 2, entitled: "A BILL FOR AN ACT RELATING TO REGULATORY PROCESSES," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 81, transmitting S.B. No. 2207, SD 2, entitled: "A BILL FOR AN ACT RELATING TO THE UNIVERSITY OF HAWAII," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 82, transmitting S.B. No. 2210, SD 2, entitled: "A BILL FOR AN ACT RELATING TO SCHOOL-BASED BUDGETING," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 83, transmitting S.B. No. 2211, SD 2, entitled: "A BILL FOR AN ACT RELATING TO EDUCATION," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 84, transmitting S.B. No. 2213, SD 2, entitled: "A BILL FOR AN ACT RELATING TO STATE GOVERNMENT," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 85, transmitting S.B. No. 2215, SD 1, entitled: "A BILL FOR AN ACT RELATING TO TAXATION," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 86, transmitting S.B. No. 2222, SD 1, entitled: "A BILL FOR AN ACT RELATING TO PUBLIC EMPLOYMENT," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 87, transmitting S.B. No. 2225, entitled: "A BILL FOR AN ACT RELATING TO THE ISSUANCE OF SPECIAL PURPOSE REVENUE BONDS TO ASSIST QUEST PROJECT," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 88, transmitting S.B. No. 2228, SD 1, entitled: "A BILL FOR AN ACT RELATING TO TAXATION," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 89, transmitting S.B. No. 2229, SD 2, entitled: "A BILL FOR AN ACT RELATING TO CONSERVATION LICENSE PLATES," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 90, transmitting S.B. No. 2234, SD 1, entitled: "A BILL FOR AN ACT RELATING TO GENERAL EXCISE TAXATION OF SERVICES PERFORMED BY A RELATED ENTITY," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 91, transmitting S.B. No. 2236, SD 1, entitled: "A BILL FOR AN ACT RELATING TO SPECIAL PURPOSE REVENUE BONDS FOR THE

PLANS, DESIGN, AND CONSTRUCTION OF A NEW SLAUGHTERHOUSE FACILITY," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 92, transmitting S.B. No. 2239, entitled: "A BILL FOR AN ACT RELATING TO VISITATION RIGHTS," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 93, transmitting S.B. No. 2246, SD 2, entitled: "A BILL FOR AN ACT RELATING TO CAMPAIGN CONTRIBUTIONS," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 94, transmitting S.B. No. 2249, SD 1, entitled: "A BILL FOR AN ACT RELATING TO CORRECTIONS," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 95, transmitting S.B. No. 2253, SD 1, entitled: "A BILL FOR AN ACT RELATING TO PROSTITUTION," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 96, transmitting S.B. No. 2254, SD 2, entitled: "A BILL FOR AN ACT RELATING TO PROSTITUTION," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 97, transmitting S.B. No. 2256, SD 1, entitled: "A BILL FOR AN ACT RELATING TO BARBERS POINT HARBOR," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 98, transmitting S.B. No. 2258, SD 1, entitled: "A BILL FOR AN ACT RELATING TO TAXATION," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 99, transmitting S.B. No. 2259, SD 1, entitled: "A BILL FOR AN ACT RELATING TO TAXATION," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 100, transmitting S.B. No. 2260, SD 1, entitled: "A BILL FOR AN ACT RELATING TO TAX CREDITS," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 101, transmitting S.B. No. 2263, SD 1, entitled: "A BILL FOR AN ACT RELATING TO VACANCIES," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 102, transmitting S.B. No. 2292, SD 1, entitled: "A BILL FOR AN ACT RELATING TO STATE FUNDS," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 103, transmitting S.B. No. 2297, SD 2, entitled: "A BILL FOR AN ACT RELATING TO HEALTH," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 104, transmitting S.B. No. 2307, SD 2, entitled: "A BILL FOR AN ACT RELATING TO HOUSING REVOLVING FUNDS," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 105, transmitting S.B. No. 2308, entitled: "A BILL FOR AN ACT RELATING TO PRIVATE TRADE, VOCATIONAL, OR TECHNICAL SCHOOLS," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 106, transmitting S.B. No. 2309, SD 1, entitled: "A BILL FOR AN ACT RELATING TO OCCUPATIONAL THERAPY," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 107, transmitting S.B. No. 2314, entitled: "A BILL FOR AN ACT RELATING TO THE MANAGEMENT OF FINANCING AGREEMENTS," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 108, transmitting S.B. No. 2318, SD 1, entitled: "A BILL FOR AN ACT RELATING TO UNCOLLECTIBLE ACCOUNTS IN THE JUDICIARY," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 109, transmitting S.B. No. 2319, SD 2, entitled: "A BILL FOR AN ACT RELATING TO THE COLLECTION OF DELINQUENT FINES AND RESTITUTION IN THE JUDICIARY," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 110, transmitting S.B. No. 2323, SD 1, entitled: "A BILL FOR AN ACT RELATING TO THE HAWAII RULES OF EVIDENCE," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 111, transmitting S.B. No. 2326, SD 1, entitled: "A BILL FOR AN ACT RELATING TO THE HAWAII EMPLOYER'S MUTUAL INSURANCE COMPANY," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 112, transmitting S.B. No. 2327, SD 1, entitled: "A BILL FOR AN ACT RELATING TO PROPERTY," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 113, transmitting S.B. No. 2329, SD 1, entitled: "A BILL FOR AN ACT RELATING TO CIVIL RIGHTS," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 114, transmitting S.B. No. 2332, SD 1, entitled: "A BILL FOR AN ACT RELATING TO BOXING," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 115, transmitting S.B. No. 2333, SD 1, entitled: "A BILL FOR AN ACT RELATING TO EMERGENCY MEDICAL SERVICES," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 116, transmitting S.B. No. 2336, SD 1, entitled: "A BILL FOR AN ACT RELATING TO THE EMPLOYEES' RETIREMENT SYSTEM," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 117, transmitting S.B. No. 2338, SD 2, entitled: "A BILL FOR AN ACT RELATING TO THE CERTIFICATION OF HOISTING MACHINE OPERATORS," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 118, transmitting S.B. No. 2340, SD 2, entitled: "A BILL FOR AN ACT RELATING TO MARRIAGE AND FAMILY THERAPISTS," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 119, transmitting S.B. No. 2345, SD 1, entitled: "A BILL FOR AN ACT RELATING TO THREATENED AND ENDANGERED SPECIES," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 120, transmitting S.B. No. 2346, SD 2, entitled: "A BILL FOR AN ACT RELATING TO INSURANCE," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 121, transmitting S.B. No. 2347, SD 1, entitled: "A BILL FOR AN ACT RELATING TO THE ENVIRONMENT," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 122, transmitting S.B. No. 2349, SD 1, entitled: "A BILL FOR AN ACT RELATING TO ENVIRONMENTAL HEALTH," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 123, transmitting S.B. No. 2350, SD 1, entitled: "A BILL FOR AN ACT RELATING TO RECYCLING," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 124, transmitting S.B. No. 2358, entitled: "A BILL FOR AN ACT RELATING TO CHILD PASSENGER RESTRAINT SYSTEMS," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 125, transmitting S.B. No. 2385, SD 2, entitled: "A BILL FOR AN ACT RELATING TO EARLY CHILDHOOD EDUCATION," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 126, transmitting S.B. No. 2388, SD 1, entitled: "A BILL FOR AN ACT RELATING TO EDUCATION," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 127, transmitting S.B. No. 2389, SD 1, entitled: "A BILL FOR AN ACT RELATING TO AUTOMATIC EXTERNAL DEFIBRILLATORS," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 128, transmitting S.B. No. 2390, SD 1, entitled: "A BILL FOR AN ACT RELATING TO ENVIRONMENTAL ASSESSMENTS," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 129, transmitting S.B. No. 2394, SD 1, entitled: "A BILL FOR AN ACT RELATING TO INTERGOVERNMENTAL AGREEMENTS," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 130, transmitting S.B. No. 2396, SD 2, entitled: "A BILL FOR AN ACT RELATING TO SCHOOL BUS SAFETY," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 131, transmitting S.B. No. 2398, SD 1, entitled: "A BILL FOR AN ACT RELATING TO PROSTITUTION," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 132, transmitting S.B. No. 2399, SD 2, entitled: "A BILL FOR AN ACT RELATING TO ELECTIONS," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 133, transmitting S.B. No. 2400, SD 1, entitled: "A BILL FOR AN ACT RELATING TO WIRETAPPING AND ELECTRONIC SURVEILLANCE," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 134, transmitting S.B. No. 2401, SD 1, entitled: "A BILL FOR AN ACT RELATING TO DOMESTIC VIOLENCE," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 135, transmitting S.B. No. 2402, SD 1, entitled: "A BILL FOR AN ACT RELATING TO DOMESTIC ABUSE," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 136, transmitting S.B. No. 2403, SD 1, entitled: "A BILL FOR AN ACT RELATING TO PROTECTIVE ORDERS," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 137, transmitting S.B. No. 2404, SD 1, entitled: "A BILL FOR AN ACT RELATING TO DOMESTIC ABUSE," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 138, transmitting S.B. No. 2409, SD 1, entitled: "A BILL FOR AN ACT RELATING TO FINANCIAL INSTITUTIONS," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 139, transmitting S.B. No. 2411, SD 2, entitled: "A BILL FOR AN ACT RELATING TO MOTOR VEHICLE INSURANCE," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 140, transmitting S.B. No. 2413, SD 2, entitled: "A BILL FOR AN ACT RELATING TO THE ENVIRONMENT," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 141, transmitting S.B. No. 2414, SD 1, entitled: "A BILL FOR AN ACT RELATING TO PAWNBROKERS," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 142, transmitting S.B. No. 2418, SD 2, entitled: "A BILL FOR AN ACT RELATING TO RECYCLING," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 143, transmitting S.B. No. 2423, SD 2, entitled: "A BILL FOR AN ACT RELATING TO EMPLOYEE PROTECTION UNDER THE WHISTLEBLOWER LAW," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 144, transmitting S.B. No. 2434, SD 1, entitled: "A BILL FOR AN ACT RELATING TO TAXATION," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 145, transmitting S.B. No. 2437, SD 1, entitled: "A BILL FOR AN ACT RELATING TO THE PUBLIC EMPLOYEES HEALTH FUND," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 146, transmitting S.B. No. 2439, SD 1, entitled: "A BILL FOR AN ACT RELATING TO ALCOHOL AND DRUG DEPENDENCE BENEFITS," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 147, transmitting S.B. No. 2450, entitled: "A BILL FOR AN ACT RELATING TO INCOME TAX," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 148, transmitting S.B. No. 2460, SD 2, entitled: "A BILL FOR AN ACT RELATING TO ACQUISITION OF HOSPITALS," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 149, transmitting S.B. No. 2465, SD 1, entitled: "A BILL FOR AN ACT RELATING TO DOMESTIC ABUSE," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 150, transmitting S.B. No. 2466, SD 1, entitled: "A BILL FOR AN ACT RELATING TO GUARDIANSHIP," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 151, transmitting S.B. No. 2469, SD 1, entitled: "A BILL FOR AN ACT RELATING TO THE UNIFORM SECURITIES ACT," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 152, transmitting S.B. No. 2472, entitled: "A BILL FOR AN ACT RELATING TO TRADE REGULATIONS," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 153, transmitting S.B. No. 2482, entitled: "A BILL FOR AN ACT RELATING TO VOCATIONAL EDUCATION," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 154, transmitting S.B. No. 2493, SD 1, entitled: "A BILL FOR AN ACT RELATING TO IMPAIRED DRIVERS," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 155, transmitting S.B. No. 2494, SD 1, entitled: "A BILL FOR AN ACT RELATING TO ADMINISTRATIVE DRIVER'S LICENSE REVOCATION," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 156, transmitting S.B. No. 2495, SD 1, entitled: "A BILL FOR AN ACT RELATING TO WAGE AND HOUR LAW," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 157, transmitting S.B. No. 2496, SD 2, entitled: "A BILL FOR AN ACT RELATING TO PROCUREMENT," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 158, transmitting S.B. No. 2501, SD 2, entitled: "A BILL FOR AN ACT RELATING TO STATE CONTRACTS," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 159, transmitting S.B. No. 2509, SD 1, entitled: "A BILL FOR AN ACT RELATING TO TEACHERS," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 160, transmitting S.B. No. 2516, SD 1, entitled: "A BILL FOR AN ACT RELATING TO PAWNBROKERS," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 161, transmitting S.B. No. 2525, SD 1, entitled: "A BILL FOR AN ACT RELATING TO TELEMARKETING FRAUD," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 162, transmitting S.B. No. 2554, SD 1, entitled: "A BILL FOR AN ACT RELATING TO FRAUDULENT USE OF CREDIT CARD," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 163, transmitting S.B. No. 2556, SD 2, entitled: "A BILL FOR AN ACT RELATING TO THE REGISTRATION OF VEHICLES," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 164, transmitting S.B. No. 2557, SD 1, entitled: "A BILL FOR AN ACT RELATING TO TORTS," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 165, transmitting S.B. No. 2559, SD 2, entitled: "A BILL FOR AN ACT RELATING TO EXPLOSIVES," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 166, transmitting S.B. No. 2564, SD 1, entitled: "A BILL FOR AN ACT RELATING TO INSURANCE," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 167, transmitting S.B. No. 2565, SD 1, entitled: "A BILL FOR AN ACT RELATING TO SERVICE OF NOTICE," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 168, transmitting S.B. No. 2566, entitled: "A BILL FOR AN ACT RELATING TO MEDICAL TREATMENT DECISIONS," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 169, transmitting S.B. No. 2575, SD 1, entitled: "A BILL FOR AN ACT RELATING TO CORPORATIONS," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 170, transmitting S.B. No. 2580, SD 1, entitled: "A BILL FOR AN ACT RELATING TO THE HAWAII STATE STUDENT COUNCIL," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 171, transmitting S.B. No. 2581, entitled: "A BILL FOR AN ACT RELATING TO CEMETERY AND FUNERAL TRUSTS," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 172, transmitting S.B. No. 2582, SD 1, entitled: "A BILL FOR AN ACT RELATING TO INSURERS," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 173, transmitting S.B. No. 2583, SD 1, entitled: "A BILL FOR AN ACT RELATING TO MUTUAL BENEFIT SOCIETIES," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 174, transmitting S.B. No. 2586, SD 1, entitled: "A BILL FOR AN ACT RELATING TO CAPTIVE INSURANCE COMPANIES," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 175, transmitting S.B. No. 2587, SD 2, entitled: "A BILL FOR AN ACT RELATING TO INSURANCE," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 176, transmitting S.B. No. 2588, SD 1, entitled: "A BILL FOR AN ACT RELATING TO VETERINARY MEDICINE," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 177, transmitting S.B. No. 2589, SD 1, entitled: "A BILL FOR AN ACT RELATING TO DENTISTRY," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 178, transmitting S.B. No. 2595, SD 1, entitled: "A BILL FOR AN ACT RELATING TO CHIROPRACTIC," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 179, transmitting S.B. No. 2598, entitled: "A BILL FOR AN ACT RELATING TO THE INSURANCE DIVISION," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 180, transmitting S.B. No. 2600, SD 1, entitled: "A BILL FOR AN ACT RELATING TO THE ISSUANCE OF SPECIAL PURPOSE REVENUE BONDS TO ASSIST UTILITIES SERVING THE GENERAL PUBLIC," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 181, transmitting S.B. No. 2602, SD 1, entitled: "A BILL FOR AN ACT RELATING TO LANDSCAPE ARCHITECTS," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 182, transmitting S.B. No. 2607, entitled: "A BILL FOR AN ACT RELATING TO PUBLIC UTILITIES," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 183, transmitting S.B. No. 2608, SD 1, entitled: "A BILL FOR AN ACT RELATING TO PSYCHOLOGISTS," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 184, transmitting S.B. No. 2610, SD 1, entitled: "A BILL FOR AN ACT RELATING TO PROFESSIONAL LAND SURVEYORS," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 185, transmitting S.B. No. 2618, SD 1, entitled: "A BILL FOR AN ACT RELATING TO THE MEDICALLY UNDERSERVED," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 186, transmitting S.B. No. 2621, SD 2, entitled: "A BILL FOR AN ACT RELATING TO WELFARE TO WORK TRANSITION ASSISTANCE," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 187, transmitting S.B. No. 2622, SD 1, entitled: "A BILL FOR AN ACT RELATING TO EARNED INCOME TAX CREDITS," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 188, transmitting S.B. No. 2624, SD 2, entitled: "A BILL FOR AN ACT RELATING TO THE HOMELESS," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 189, transmitting S.B. No. 2625, SD 1, entitled: "A BILL FOR AN ACT RELATING TO EDUCATION," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 190, transmitting S.B. No. 2628, SD 1, entitled: "A BILL FOR AN ACT RELATING TO CIVIL SERVICE," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 191, transmitting S.B. No. 2633, SD 1, entitled: "A BILL FOR AN ACT RELATING TO REAL PROPERTY APPRAISALS," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 192, transmitting S.B. No. 2635, SD 2, entitled: "A BILL FOR AN ACT RELATING TO HEALTH," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 193, transmitting S.B. No. 2640, SD 1, entitled: "A BILL FOR AN ACT RELATING TO OCCUPATIONAL THERAPY PRACTICE," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 194, transmitting S.B. No. 2641, SD 1, entitled: "A BILL FOR AN ACT RELATING TO THE MENTAL HEALTH AND SUBSTANCE ABUSE

SPECIAL FUND," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 195, transmitting S.B. No. 2644, SD 1, entitled: "A BILL FOR AN ACT RELATING TO BEAUTY CULTURE," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 196, transmitting S.B. No. 2652, SD 1, entitled: "A BILL FOR AN ACT RELATING TO THE SAFETY AND SECURITY DISTRICT ASSESSMENT," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 197, transmitting S.B. No. 2655, SD 1, entitled: "A BILL FOR AN ACT RELATING TO BICYCLE AND MOPED REGISTRATION," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 198, transmitting S.B. No. 2657, entitled: "A BILL FOR AN ACT RELATING TO SHORT TERM INVESTMENT OF COUNTY MONIES," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 199, transmitting S.B. No. 2658, SD 1, entitled: "A BILL FOR AN ACT RELATING TO LAPSED WARRANTS," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 200, transmitting S.B. No. 2667, SD 2, entitled: "A BILL FOR AN ACT RELATING TO CRIMINAL HISTORY CHECKS," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 201, transmitting S.B. No. 2680, SD 1, entitled: "A BILL FOR AN ACT RELATING TO PERFORMANCE RATINGS OF EMPLOYEES IN THE CIVIL SERVICE," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 202, transmitting S.B. No. 2684, SD 2, entitled: "A BILL FOR AN ACT RELATING TO OFFICE HOURS FOR PUBLIC OFFICERS AND EMPLOYEES," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 203, transmitting S.B. No. 2689, SD 2, entitled: "A BILL FOR AN ACT RELATING TO EMPLOYEES RETIREMENT SYSTEM," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 204, transmitting S.B. No. 2692, SD 1, entitled: "A BILL FOR AN ACT RELATING TO DRIVING AFTER LICENSE SUSPENDED OR REVOKED," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 205, transmitting S.B. No. 2696, SD 1, entitled: "A BILL FOR AN ACT RELATING TO DANGEROUS INSTRUMENTS," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 206, transmitting S.B. No. 2697, SD 1, entitled: "A BILL FOR AN ACT RELATING TO THE JURISDICTION OF THE COURTS," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 207, transmitting S.B. No. 2704, SD 1, entitled: "A BILL FOR AN ACT RELATING TO NUISANCE ABATEMENT," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 208, transmitting S.B. No. 2705, SD 2, entitled: "A BILL FOR AN ACT RELATING TO

DRUGS," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 209, transmitting S.B. No. 2710, entitled: "A BILL FOR AN ACT RELATING TO SEARCH WARRANTS," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 210, transmitting S.B. No. 2712, SD 1, entitled: "A BILL FOR AN ACT RELATING TO SENTENCING," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 211, transmitting S.B. No. 2715, SD 1, entitled: "A BILL FOR AN ACT RELATING TO SENTENCING," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 212, transmitting S.B. No. 2717, SD 1, entitled: "A BILL FOR AN ACT RELATING TO FAMILY COURT," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 213, transmitting S.B. No. 2730, entitled: "A BILL FOR AN ACT RELATING TO HEALTHCARE PROVIDER EXCHANGE PROGRAM," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 214, transmitting S.B. No. 2738, SD 1, entitled: "A BILL FOR AN ACT RELATING TO STATE WARRANTS," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 215, transmitting S.B. No. 2739, SD 1, entitled: "A BILL FOR AN ACT RELATING TO THE COLLECTION OF FINES," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 216, transmitting S.B. No. 2740, SD 1, entitled: "A BILL FOR AN ACT RELATING TO TRUSTS," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 217, transmitting S.B. No. 2744, SD 2, entitled: "A BILL FOR AN ACT RELATING TO YOUTH," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 218, transmitting S.B. No. 2746, SD 2, entitled: "A BILL FOR AN ACT RELATING TO HUMAN SERVICES," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 219, transmitting S.B. No. 2757, SD 1, entitled: "A BILL FOR AN ACT RELATING TO ENVIRONMENTAL ASSESSMENTS," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 220, transmitting S.B. No. 2759, SD 2, entitled: "A BILL FOR AN ACT RELATING TO THE TRAFFIC CODE," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 221, transmitting S.B. No. 2761, SD 2, entitled: "A BILL FOR AN ACT RELATING TO MOTORCYCLE INSURANCE," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 222, transmitting S.B. No. 2768, SD 1, entitled: "A BILL FOR AN ACT RELATING TO PAYMENTS TO HEALTH CARE PROVIDERS FOR WORKERS' COMPENSATION CLAIMS," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 223, transmitting S.B. No. 2769, entitled: "A BILL FOR AN ACT RELATING TO IRRIGATION PROJECTS," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 224, transmitting S.B. No. 2770, SD 2, entitled: "A BILL FOR AN ACT RELATING TO MEASUREMENT STANDARDS," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 225, transmitting S.B. No. 2771, entitled: "A BILL FOR AN ACT RELATING TO MILK," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 226, transmitting S.B. No. 2772, SD 1, entitled: "A BILL FOR AN ACT RELATING TO PORK," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 227, transmitting S.B. No. 2773, SD 1, entitled: "A BILL FOR AN ACT RELATING TO PLANT AND NON-DOMESTIC ANIMAL QUARANTINE," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 228, transmitting S.B. No. 2776, SD 2, entitled: "A BILL FOR AN ACT RELATING TO SALARY PERIODS," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 229, transmitting S.B. No. 2777, SD 1, entitled: "A BILL FOR AN ACT RELATING TO SALARY PAYMENTS TO NEW EMPLOYEES," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 230, transmitting S.B. No. 2778, SD 2, entitled: "A BILL FOR AN ACT RELATING TO POOLED INSURANCE," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 231, transmitting S.B. No. 2782, entitled: "A BILL FOR AN ACT RELATING TO THE RELIEF OF CERTAIN PERSONS' CLAIMS AGAINST THE STATE AND PROVIDING APPROPRIATIONS THEREFOR," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 232, transmitting S.B. No. 2785, SD 1, entitled: "A BILL FOR AN ACT RELATING TO THE UNIFORM INFORMATION PRACTICES ACT (MODIFIED)," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 233, transmitting S.B. No. 2786, entitled: "A BILL FOR AN ACT RELATING TO SEX OFFENDER REGISTRATION," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 234, transmitting S.B. No. 2792, entitled: "A BILL FOR AN ACT RELATING TO REPEAT OFFENDERS," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 235, transmitting S.B. No. 2794, SD 1, entitled: "A BILL FOR AN ACT RELATING TO HABITUAL CRIMINAL BEHAVIOR," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 236, transmitting S.B. No. 2795, SD 1, entitled: "A BILL FOR AN ACT RELATING TO STATES OF MIND," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 237, transmitting S.B. No. 2796, entitled: "A BILL FOR AN ACT RELATING TO

ROBBERY IN THE FIRST DEGREE," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 238, transmitting S.B. No. 2799, SD 1, entitled: "A BILL FOR AN ACT MAKING AN APPROPRIATION FOR THE CLEAN HAWAII CENTER," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 239, transmitting S.B. No. 2800, SD 1, entitled: "A BILL FOR AN ACT RELATING TO AUTHORITY OF THE DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT, AND TOURISM TO ISSUE ECONOMIC DEVELOPMENT GRANTS," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 240, transmitting S.B. No. 2802, SD 1, entitled: "A BILL FOR AN ACT RELATING TO THE BUSINESS ACTION CENTER," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 241, transmitting S.B. No. 2803, SD 2, entitled: "A BILL FOR AN ACT RELATING TO HAWAII SMALL BUSINESS REGULATORY FLEXIBILITY ACT," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 242, transmitting S.B. No. 2804, SD 1, entitled: "A BILL FOR AN ACT RELATING TO THE HOUSING AND COMMUNITY DEVELOPMENT CORPORATION OF HAWAII," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 243, transmitting S.B. No. 2805, SD 1, entitled: "A BILL FOR AN ACT RELATING TO APPEALS FROM THE PUBLIC UTILITIES COMMISSION," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 244, transmitting S.B. No. 2807, entitled: "A BILL FOR AN ACT RELATING TO MOTOR CARRIERS," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 245, transmitting S.B. No. 2808, SD 2, entitled: "A BILL FOR AN ACT RELATING TO THE UNIVERSAL SERVICE FUND," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 246, transmitting S.B. No. 2812, SD 1, entitled: "A BILL FOR AN ACT RELATING TO THE HOUSING AND COMMUNITY DEVELOPMENT CORPORATION OF HAWAII," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 247, transmitting S.B. No. 2814, SD 2, entitled: "A BILL FOR AN ACT RELATING TO THE EMPLOYEES' RETIREMENT SYSTEM," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 248, transmitting S.B. No. 2816, SD 2, entitled: "A BILL FOR AN ACT RELATING TO COMPOSITION OF THE BOARD OF THE HAWAII PUBLIC EMPLOYEES' HEALTH FUND," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 249, transmitting S.B. No. 2817, SD 1, entitled: "A BILL FOR AN ACT RELATING TO HEALTH BENEFITS FOR PART-TIME, TEMPORARY, AND SEASONAL OR CASUAL EMPLOYEES," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 250, transmitting S.B. No. 2819, entitled: "A BILL FOR AN ACT RELATING TO ESCROW DEPOSITORIES," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 251, transmitting S.B. No. 2820, entitled: "A BILL FOR AN ACT RELATING TO THE CODE OF FINANCIAL INSTITUTIONS," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 252, transmitting S.B. No. 2821, entitled: "A BILL FOR AN ACT RELATING TO THE CODE OF FINANCIAL INSTITUTIONS," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 253, transmitting S.B. No. 2824, SD 1, entitled: "A BILL FOR AN ACT RELATING TO ADMINISTRATIVE CITATIONS FOR VIOLATIONS OF THE PROFESSIONAL AND VOCATIONAL LICENSING LAWS," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 254, transmitting S.B. No. 2825, entitled: "A BILL FOR AN ACT RELATING TO SENIOR PSYCHOLOGISTS," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 255, transmitting S.B. No. 2827, entitled: "A BILL FOR AN ACT RELATING TO PHARMACIST LICENSURE EXAMINATIONS," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 256, transmitting S.B. No. 2829, entitled: "A BILL FOR AN ACT RELATING TO MOTOR VEHICLE REPAIRS," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 257, transmitting S.B. No. 2832, SD 2, entitled: "A BILL FOR AN ACT RELATING TO INVESTIGATIVE SUBPOENAS," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 258, transmitting S.B. No. 2834, SD 1, entitled: "A BILL FOR AN ACT RELATING TO MOTOR VEHICLE INSURANCE," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 259, transmitting S.B. No. 2835, SD 1, entitled: "A BILL FOR AN ACT RELATING TO INSURANCE PREMIUM TAXES," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 260, transmitting S.B. No. 2836, SD 1, entitled: "A BILL FOR AN ACT RELATING TO INSURANCE FRAUD," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 261, transmitting S.B. No. 2837, SD 1, entitled: "A BILL FOR AN ACT RELATING TO PROHIBITED MOTOR VEHICLE INSURANCE PRACTICES," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 262, transmitting S.B. No. 2838, SD 1, entitled: "A BILL FOR AN ACT RELATING TO INSURANCE," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 263, transmitting S.B. No. 2839, entitled: "A BILL FOR AN ACT RELATING TO INSURANCE," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 264, transmitting S.B. No. 2840, SD 1, entitled: "A BILL FOR AN ACT RELATING TO CAPTIVE INSURANCE," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 265, transmitting S.B. No. 2841, entitled: "A BILL FOR AN ACT RELATING TO THE

INSURANCE CODE," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 266, transmitting S.B. No. 2842, entitled: "A BILL FOR AN ACT RELATING TO THE HAWAII MEDICAL MALPRACTICE UNDERWRITING PLAN," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 267, transmitting S.B. No. 2844, entitled: "A BILL FOR AN ACT RELATING TO ISSUANCE OF UTILITY VOTING STOCK," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 268, transmitting S.B. No. 2845, SD 1, entitled: "A BILL FOR AN ACT RELATING TO THE DIRECTOR OF HEALTH," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 269, transmitting S.B. No. 2846, SD 2, entitled: "A BILL FOR AN ACT RELATING TO DRUG DEMAND REDUCTION ASSESSMENTS," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 270, transmitting S.B. No. 2847, SD 1, entitled: "A BILL FOR AN ACT RELATING TO THE SUNSET CLAUSE FOR MENTAL HEALTH AND ALCOHOL AND DRUG ABUSE TREATMENT INSURANCE BENEFITS," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 271, transmitting S.B. No. 2848, SD 2, entitled: "A BILL FOR AN ACT RELATING TO EARLY INTERVENTION," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 272, transmitting S.B. No. 2849, SD 1, entitled: "A BILL FOR AN ACT RELATING TO CIGARETTE SALES TO MINORS," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 273, transmitting S.B. No. 2850, SD 2, entitled: "A BILL FOR AN ACT RELATING TO SOLID WASTE MANAGEMENT," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 274, transmitting S.B. No. 2851, SD 2, entitled: "A BILL FOR AN ACT RELATING TO IMMUNIZATION," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 275, transmitting S.B. No. 2852, SD 1, entitled: "A BILL FOR AN ACT RELATING TO THE VOLUNTARY RESPONSE PROGRAM," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 276, transmitting S.B. No. 2854, SD 1, entitled: "A BILL FOR AN ACT RELATING TO GRANDPARENTS' VISITATION RIGHTS," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 277, transmitting S.B. No. 2855, SD 1, entitled: "A BILL FOR AN ACT RELATING TO TELEHEALTH," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 278, transmitting S.B. No. 2858, SD 1, entitled: "A BILL FOR AN ACT RELATING TO NURSE MIDWIVES," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 279, transmitting S.B. No. 2861, SD 1, entitled: "A BILL FOR AN ACT MAKING AN EMERGENCY APPROPRIATION FOR EMERGENCY MEDICAL SERVICES," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 280, transmitting S.B. No. 2862, SD 2, entitled: "A BILL FOR AN ACT MAKING AN EMERGENCY APPROPRIATION FOR THE DEPARTMENT OF HEALTH ADULT MENTAL HEALTH DIVISION," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 281, transmitting S.B. No. 2865, SD 2, entitled: "A BILL FOR AN ACT RELATING TO SERVICES FOR DEVELOPMENTAL DISABILITIES," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 282, transmitting S.B. No. 2866, SD 1, entitled: "A BILL FOR AN ACT RELATING TO PERSONNEL FOR MENTAL HEALTH," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 283, transmitting S.B. No. 2873, SD 2, entitled: "A BILL FOR AN ACT RELATING TO YOUTH FACILITY," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 284, transmitting S.B. No. 2874, SD 2, entitled: "A BILL FOR AN ACT RELATING TO CHILD WELFARE SERVICES," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 285, transmitting S.B. No. 2875, SD 2, entitled: "A BILL FOR AN ACT RELATING TO PUBLIC ASSISTANCE," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 286, transmitting S.B. No. 2876, SD 1, entitled: "A BILL FOR AN ACT RELATING TO GENERAL ASSISTANCE," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 287, transmitting S.B. No. 2877, SD 1, entitled: "A BILL FOR AN ACT RELATING TO PERSONAL CARE SERVICES PAYMENT," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 288, transmitting S.B. No. 2878, SD 2, entitled: "A BILL FOR AN ACT RELATING TO MEDICAID OVERPAYMENT RECOVERY," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 289, transmitting S.B. No. 2879, SD 2, entitled: "A BILL FOR AN ACT RELATING TO LONG-TERM CARE," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 290, transmitting S.B. No. 2880, SD 2, entitled: "A BILL FOR AN ACT RELATING TO THE COMPENSATION PLAN," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 291, transmitting S.B. No. 2883, SD 1, entitled: "A BILL FOR AN ACT RELATING TO HEARINGS OF THE PUBLIC EMPLOYEES COMPENSATION APPEALS BOARD," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 292, transmitting S.B. No. 2884, SD 1, entitled: "A BILL FOR AN ACT RELATING TO EMPLOYMENT ON PUBLIC WORKS PROJECTS," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 293, transmitting S.B. No. 2885, entitled: "A BILL FOR AN ACT RELATING TO EMPLOYMENT ON PUBLIC WORKS PROJECTS," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 294, transmitting S.B. No. 2887, SD 1, entitled: "A BILL FOR AN ACT RELATING TO AMUSEMENT RIDES, INCLUDING BUNGEE JUMPING," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 295, transmitting S.B. No. 2889, SD 1, entitled: "A BILL FOR AN ACT RELATING TO THE DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 296, transmitting S.B. No. 2890, SD 1, entitled: "A BILL FOR AN ACT RELATING TO FIRE PROTECTION INSPECTIONS," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 297, transmitting S.B. No. 2895, entitled: "A BILL FOR AN ACT RELATING TO AQUATIC RESOURCES," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 298, transmitting S.B. No. 2903, entitled: "A BILL FOR AN ACT RELATING TO THE STATE COMMISSION ON THE STATUS OF WOMEN," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 299, transmitting S.B. No. 2904, SD 1, entitled: "A BILL FOR AN ACT MAKING AN APPROPRIATION FOR COMPENSATION OF CRIMINAL INJURIES," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 300, transmitting S.B. No. 2906, SD 2, entitled: "A BILL FOR AN ACT RELATING TO DEPARTMENT OF PUBLIC SAFETY," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 301, transmitting S.B. No. 2909, SD 2, entitled: "A BILL FOR AN ACT RELATING TO SPECIAL FACILITY REVENUE BONDS FOR AIRPORTS," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 302, transmitting S.B. No. 2910, SD 2, entitled: "A BILL FOR AN ACT RELATING TO PUBLIC LANDS," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 303, transmitting S.B. No. 2914, SD 1, entitled: "A BILL FOR AN ACT RELATING TO COMMERCIAL DRIVER LICENSING," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 304, transmitting S.B. No. 2915, entitled: "A BILL FOR AN ACT RELATING TO DONATIONS TO GOVERNMENT AGENCIES," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 305, transmitting S.B. No. 2922, SD 1, entitled: "A BILL FOR AN ACT RELATING TO GOVERNMENT," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 306, transmitting S.B. No. 2923, SD 1, entitled: "A BILL FOR AN ACT RELATING TO THE OMBUDSMAN," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 307, transmitting S.B. No. 2941, SD 1, entitled: "A BILL FOR AN ACT RELATING TO LIQUOR," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 308, transmitting S.B. No. 2945, SD 1, entitled: "A BILL FOR AN ACT RELATING TO SERVICES FOR THE INDIGENT," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 309, transmitting S.B. No. 2957, SD 2, entitled: "A BILL FOR AN ACT RELATING TO OUTDOOR ADVERTISING," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 310, transmitting S.B. No. 2958, SD 1, entitled: "A BILL FOR AN ACT RELATING TO PLATINUM JEWELRY," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 311, transmitting S.B. No. 2963, SD 2, entitled: "A BILL FOR AN ACT RELATING TO THE HAWAII PUBLIC PROCUREMENT CODE," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 312, transmitting S.B. No. 2964, SD 1, entitled: "A BILL FOR AN ACT RELATING TO PUBLIC EMPLOYEES HEALTH FUND," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 313, transmitting S.B. No. 2966, SD 2, entitled: "A BILL FOR AN ACT RELATING TO CRIMINAL INJURIES COMPENSATION," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 314, transmitting S.B. No. 2969, SD 2, entitled: "A BILL FOR AN ACT RELATING TO THE PUBLIC UTILITIES COMMISSION," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 315, transmitting S.B. No. 2970, SD 1, entitled: "A BILL FOR AN ACT RELATING TO NOISE," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 316, transmitting S.B. No. 2981, SD 1, entitled: "A BILL FOR AN ACT RELATING TO MOTOR VEHICLE INSURANCE," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 317, transmitting S.B. No. 2983, SD 2, entitled: "A BILL FOR AN ACT RELATING TO OFFICE OF INFORMATION PRACTICES," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 318, transmitting S.B. No. 2986, SD 2, entitled: "A BILL FOR AN ACT RELATING TO A MEDICAID LONG-TERM CARE DEMONSTRATION PROJECT," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 319, transmitting S.B. No. 2987, SD 2, entitled: "A BILL FOR AN ACT RELATING TO CHILD PROTECTION," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 320, transmitting S.B. No. 2991, SD 1, entitled: "A BILL FOR AN ACT RELATING TO A COMMUNITY-BASED INTEGRATED SOCIAL SERVICE PILOT PROJECT," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 321, transmitting S.B. No. 2999, SD 1, entitled: "A BILL FOR AN ACT RELATING TO INVESTMENTS OF THE EMPLOYEES' RETIREMENT SYSTEM," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 322, transmitting S.B. No. 3000, SD 2, entitled: "A BILL FOR AN ACT RELATING TO THE

EMPLOYEES' RETIREMENT SYSTEM," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 323, transmitting S.B. No. 3002, SD 2, entitled: "A BILL FOR AN ACT RELATING TO MEDICAL ASSISTANCE," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 324, transmitting S.B. No. 3004, SD 1, entitled: "A BILL FOR AN ACT RELATING TO CONFORMITY OF THE HAWAII INCOME TAX LAW TO THE INTERNAL REVENUE CODE," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 325, transmitting S.B. No. 3006, entitled: "A BILL FOR AN ACT RELATING TO THE COLLECTION OF TAXES," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 326, transmitting S.B. No. 3007, SD 1, entitled: "A BILL FOR AN ACT RELATING TO BUSINESS DEVELOPMENT CORPORATIONS," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 327, transmitting S.B. No. 3015, SD 2, entitled: "A BILL FOR AN ACT RELATING TO THE GENERAL EXCISE TAX EXEMPTION FOR AIRCRAFT SERVICE AND MAINTENANCE FACILITIES," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 328, transmitting S.B. No. 3018, entitled: "A BILL FOR AN ACT RELATING TO THE UNIFORM COMMERCIAL CODE," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 329, transmitting S.B. No. 3024, SD 1, entitled: "A BILL FOR AN ACT RELATING TO QUARANTINE," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 330, transmitting S.B. No. 3025, SD 1, entitled: "A BILL FOR AN ACT RELATING TO MILK CONTROL," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 331, transmitting S.B. No. 3031, SD 2, entitled: "A BILL FOR AN ACT RELATING TO NOTARIES PUBLIC," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 332, transmitting S.B. No. 3035, SD 2, entitled: "A BILL FOR AN ACT RELATING TO THE HOUSING AND COMMUNITY DEVELOPMENT CORPORATION OF HAWAII," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 333, transmitting S.B. No. 3037, SD 1, entitled: "A BILL FOR AN ACT RELATING TO CHARITABLE TRUSTS," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 334, transmitting S.B. No. 3040, SD 1, entitled: "A BILL FOR AN ACT RELATING TO CONCURRENT JURISDICTION," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 335, transmitting S.B. No. 3043, SD 2, entitled: "A BILL FOR AN ACT RELATING TO GOVERNMENT COMPUTER SYSTEMS WHICH ARE NOT YEAR 2000 COMPLIANT," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 336, transmitting S.B. No. 3051, entitled: "A BILL FOR AN ACT MAKING AN EMERGENCY APPROPRIATION FOR THE HAWAII

HEALTH SYSTEMS CORPORATION," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 337, transmitting S.B. No. 3064, entitled: "A BILL FOR AN ACT RELATING TO THE ISSUANCE OF SPECIAL PURPOSE REVENUE BONDS TO ASSIST THE NATURAL ENERGY LABORATORY OF HAWAII AUTHORITY," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 338, transmitting S.B. No. 3070, SD 1, entitled: "A BILL FOR AN ACT RELATING TO THE GENERAL EXCISE TAX," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 339, transmitting S.B. No. 3075, SD 2, entitled: "A BILL FOR AN ACT RELATING TO GENERAL EXCISE TAX," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 340, transmitting S.B. No. 3076, SD 1, entitled: "A BILL FOR AN ACT RELATING TO EXECUTIVE AND ADMINISTRATIVE DEPARTMENTS," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 341, transmitting S.B. No. 3077, entitled: "A BILL FOR AN ACT RELATING TO RISK RETENTION," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 342, transmitting S.B. No. 3084, SD 2, entitled: "A BILL FOR AN ACT RELATING TO HEALTH CARE INFORMATION CONFIDENTIALITY," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 343, transmitting S.B. No. 3088, SD 1, entitled: "A BILL FOR AN ACT RELATING TO JOB REFERENCE LIABILITY," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 344, transmitting S.B. No. 3094, SD 2, entitled: "A BILL FOR AN ACT RELATING TO MOTOR VEHICLES," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 345, transmitting S.B. No. 3105, SD 1, entitled: "A BILL FOR AN ACT RELATING TO INSURANCE," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 346, transmitting S.B. No. 3113, SD 1, entitled: "A BILL FOR AN ACT RELATING TO REAL PROPERTY," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 347, transmitting S.B. No. 3114, SD 2, entitled: "A BILL FOR AN ACT RELATING TO THE RENTAL HOUSING TRUST FUND," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 348, transmitting S.B. No. 3123, SD 1, entitled: "A BILL FOR AN ACT RELATING TO QUEST," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 349, transmitting S.B. No. 3126, SD 2, entitled: "A BILL FOR AN ACT RELATING TO MOTOR CARRIERS," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 350, transmitting S.B. No. 3127, SD 1, entitled: "A BILL FOR AN ACT RELATING TO PUBLIC CONTRACTS," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 351, transmitting S.B. No. 3129, SD 2, entitled: "A BILL FOR AN ACT RELATING TO THE REORGANIZATION OF THE PRINCIPAL EXECUTIVE DEPARTMENTS OF THE STATE GOVERNMENT," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 352, transmitting S.B. No. 3130, SD 1, entitled: "A BILL FOR AN ACT RELATING TO FILM PRODUCTION FUNDING," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 353, transmitting S.B. No. 3134, entitled: "A BILL FOR AN ACT RELATING TO COMPUTER AND COMMUNICATION SYSTEMS," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 354, transmitting S.B. No. 3137, SD 1, entitled: "A BILL FOR AN ACT RELATING TO MOTOR CARRIERS," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 355, transmitting S.B. No. 3141, SD 1, entitled: "A BILL FOR AN ACT RELATING TO TAXATION," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 356, transmitting S.B. No. 3142, SD 1, entitled: "A BILL FOR AN ACT RELATING TO EMERGENCY WIRELESS TELEPHONE SERVICE," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 357, transmitting S.B. No. 3143, SD 1, entitled: "A BILL FOR AN ACT RELATING TO UTILITY TRANSMISSION LINES," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 358, transmitting S.B. No. 3156, SD 2, entitled: "A BILL FOR AN ACT RELATING TO THE ISSUANCE OF SPECIAL PURPOSE REVENUE BONDS TO ASSIST PROCESSING AND INDUSTRIAL ENTERPRISES ON THE ISLAND OF HAWAII," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 359, transmitting S.B. No. 3159, SD 2, entitled: "A BILL FOR AN ACT RELATING TO THE TIME SHARE LAW," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 360, transmitting S.B. No. 3170, SD 1, entitled: "A BILL FOR AN ACT RELATING TO THE ADMISSIBILITY OF PAID BILLS IN COURT," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 361, transmitting S.B. No. 3171, SD 1, entitled: "A BILL FOR AN ACT RELATING TO MEDICAL, DENTAL, OR HOSPITAL RECORDS AND WRITINGS," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 362, transmitting S.B. No. 3177, entitled: "A BILL FOR AN ACT RELATING TO FINANCIAL REPORTING OF THE DEPARTMENT OF EDUCATION," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 363, transmitting S.B. No. 3183, SD 1, entitled: "A BILL FOR AN ACT RELATING TO ELECTIONS," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 364, transmitting S.B. No. 3191, SD 2, entitled: "A BILL FOR AN ACT RELATING TO LOW

INCOME HOUSING TAX CREDIT," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 365, transmitting S.B. No. 3201, SD 2, entitled: "A BILL FOR AN ACT RELATING TO THE DUPLICATION OF GOVERNMENT SERVICES," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 366, transmitting S.B. No. 3204, entitled: "A BILL FOR AN ACT RELATING TO TRACKING DEVICES," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 367, transmitting S.B. No. 3206, SD 2, entitled: "A BILL FOR AN ACT RELATING TO CRIMINAL OFFENDERS," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 368, transmitting S.B. No. 3213, SD 2, entitled: "A BILL FOR AN ACT RELATING TO INSURANCE," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 369, transmitting S.B. No. 3215, SD 1, entitled: "A BILL FOR AN ACT RELATING TO ANIMAL IMPORTATION," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 370, transmitting S.B. No. 3220, SD 1, entitled: "A BILL FOR AN ACT RELATING TO THE CONVEYANCE TAX," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 371, transmitting S.B. No. 3223, SD 2, entitled: "A BILL FOR AN ACT RELATING TO AGRICULTURAL PARKS," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 372, transmitting S.B. No. 3227, SD 2, entitled: "A BILL FOR AN ACT RELATING TO EARLY INTERVENTION SERVICES," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 373, transmitting S.B. No. 3228, SD 1, entitled: "A BILL FOR AN ACT RELATING TO HEALTH," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 374, transmitting S.B. No. 3230, SD 1, entitled: "A BILL FOR AN ACT RELATING TO PUBLIC SAFETY," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 375, transmitting S.B. No. 3232, SD 2, entitled: "A BILL FOR AN ACT RELATING TO PROFESSIONAL AND VOCATIONAL LICENSING BOARDS AND COMMISSIONS," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 376, transmitting S.B. No. 3234, entitled: "A BILL FOR AN ACT RELATING TO PHYSICIAN ASSISTANTS," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 377, transmitting S.B. No. 3239, SD 1, entitled: "A BILL FOR AN ACT RELATING TO THE UNIVERSITY OF HAWAII," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 378, transmitting S.B. No. 3240, entitled: "A BILL FOR AN ACT RELATING TO PUBLIC AGENCY MEETINGS AND RECORDS," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 379, transmitting S.B. No. 3241, SD 1, entitled: "A BILL FOR AN ACT RELATING TO

UNFAIR TRADE PRACTICE," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 380, transmitting S.B. No. 3244, SD 1, entitled: "A BILL FOR AN ACT RELATING TO LIQUOR LICENSES," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 381, transmitting S.B. No. 3248, SD 2, entitled: "A BILL FOR AN ACT RELATING TO SPECIAL PURPOSE REVENUE BONDS," which passed Third Reading in the Senate on March 10, 1998.

Sen. Com. No. 382, transmitting S.B. No. 3258, SD 2, entitled: "A BILL FOR AN ACT RELATING TO INFORMATION TECHNOLOGY," which passed Third Reading in the Senate on March 10, 1998.

On motion by Representative M. Oshiro, seconded by Representative Marumoto and carried, S.B. Nos. 105, SD 2; 379, SD 2; 616, SD 1; 705, SD 2; 721, SD 1; 785, SD 1; 1012; 1081, SD 1; 1196, SD 1; 1273, SD 1; 1384; 1465; 1469, SD 1; 1480, SD 1; 1559, SD 2; 1587, SD 2; 1638, SD 1; 1946, SD 1; 2025, SD 2; 2026, SD 1; 2037, SD 1; 2056, SD 1; 2063, SD 2; 2065, SD 1; 2078, SD 1; 2092, SD 1; 2099, SD 2; 2121, SD 1; 2123; 2125, SD 1; 2127, SD 1; 2128, SD 1; 2129; 2132, SD 1; 2136, SD 1; 2148, SD 1; 2171, SD 2; 2185, SD 2; 2201, SD 2; 2204, SD 2; 2207, SD 2; 2210, SD 2; 2211, SD 2; 2213, SD 2; 2215, SD 1; 2222, SD 1; 2225; 2228, SD 1; 2229, SD 2; 2234, SD 1; 2236, SD 1; 2239; 2246, SD 2; 2249, SD 1; 2253, SD 1; 2254, SD 2; 2256, SD 1; 2258, SD 1; 2259, SD 1; 2260, SD 1; 2263, SD 1; 2292, SD 1; 2297, SD 2; 2307, SD 2; 2308; 2309, SD 1; 2314; 2318, SD 1; 2319, SD 2; 2323, SD 1; 2326, SD 1; 2327, SD 1; 2329, SD 1; 2332, SD 1; 2333, SD 1; 2336, SD 1; 2338, SD 2; 2340, SD 2; 2345, SD 1; 2346, SD 2; 2347, SD 1; 2349, SD 1; 2350, SD 1; 2358; 2385, SD 2; 2388, SD 1; 2389, SD 1; 2390, SD 1; 2394, SD 1; 2396, SD 2; 2398, SD 1; 2399, SD 2; 2400, SD 1; 2401, SD 1; 2402, SD 1; 2403, SD 1; 2404, SD 1; 2409, SD 1; 2411, SD 2; 2413, SD 2; 2414, SD 1; 2418, SD 2; 2423, SD 2; 2434, SD 1; 2437, SD 1; 2439, SD 1; 2450; 2460, SD 2; 2465, SD 1; 2466, SD 1; 2469, SD 1; 2472; 2482; 2493, SD 1; 2494, SD 1; 2495, SD 1; 2496, SD 2; 2501, SD 2; 2509, SD 1; 2516, SD 1; 2525, SD 1; 2554, SD 1; 2556, SD 2; 2557, SD 1; 2559, SD 2; 2564, SD 1; 2565, SD 1; 2566; 2575, SD 1; 2580, SD 1; 2581; 2582, SD 1; 2583, SD 1; 2586, SD 1; 2587, SD 2; 2588, SD 1; 2589, SD 1; 2595, SD 1; 2598; 2600, SD 1; 2602, SD 1; 2607; 2608, SD 1; 2610, SD 1; 2618, SD 1; 2621, SD 2; 2622, SD 1; 2624, SD 2; 2625, SD 1; 2628, SD 1; 2633, SD 1; 2635, SD 2; 2640, SD 1; 2641, SD 1; 2644, SD 1; 2652, SD 1; 2655, SD 1; 2657; 2658, SD 1; 2667, SD 2; 2680, SD 1; 2684, SD 2; 2689, SD 2; 2692, SD 1; 2696, SD 1; 2697, SD 1; 2704, SD 1; 2705, SD 2; 2710; 2712, SD 1; 2715, SD 1; 2717, SD 1; 2730; 2738, SD 1; 2739, SD 1; 2740, SD 1; 2744, SD 2; 2746, SD 2; 2757, SD 1; 2759, SD 2; 2761, SD 2; 2768, SD 1; 2769; 2770, SD 2; 2771; 2772, SD 1; 2773, SD 1; 2776, SD 2; 2777, SD 1; 2778, SD 2; 2782; 2785, SD 1; 2786; 2792; 2794, SD 1; 2795, SD 1; 2796; 2799, SD 1; 2800, SD 1; 2802, SD 1; 2803, SD 2; 2804, SD 1; 2805, SD 1; 2807; 2808, SD 2; 2812, SD 1; 2814, SD 2; 2816, SD 2; 2817, SD 1; 2819; 2820; 2821; 2824, SD 1; 2825; 2827; 2829; 2832, SD 2; 2834, SD 1; 2835, SD 1; 2836, SD 1; 2837, SD 1; 2838, SD 1; 2839; 2840, SD 1; 2841; 2842; 2844; 2845, SD 1; 2846, SD 2; 2847, SD 1; 2848, SD 2; 2849, SD 1; 2850, SD 2; 2851, SD 2; 2852, SD 1; 2854, SD 1; 2855, SD 1; 2858, SD 1; 2861, SD 1; 2862, SD 2; 2865, SD 2; 2866, SD 1; 2873, SD 2; 2874, SD 2; 2875, SD 2; 2876, SD 1; 2877, SD 1; 2878, SD 2; 2879, SD 2; 2880, SD 2; 2883, SD 1; 2884, SD 1; 2885; 2887, SD 1; 2889, SD 1; 2890, SD 1; 2895; 2903; 2904, SD 1; 2906, SD 2; 2909, SD 2; 2910, SD 2; 2914, SD 1; 2915; 2922, SD 1; 2923, SD 1; 2941, SD 1; 2945, SD 1; 2957, SD 2; 2958, SD 1; 2963, SD 2; 2964, SD 1; 2966, SD 2; 2969,

SD 2; 2970, SD 1; 2981, SD 1; 2983, SD 2; 2986, SD 2; 2987, SD 2; 2991, SD 1; 2999, SD 1; 3000, SD 2; 3002, SD 2; 3004, SD 1; 3006; 3007, SD 1; 3015, SD 2; 3018; 3024, SD 1; 3025, SD 1; 3031, SD 2; 3035, SD 2; 3037, SD 1; 3040, SD 1; 3043, SD 2; 3051; 3064; 3070, SD 1; 3075, SD 2; 3076, SD 1; 3077; 3084, SD 2; 3088, SD 1; 3094, SD 2; 3105, SD 1; 3113, SD 1; 3114, SD 2; 3123, SD 1; 3126, SD 2; 3127, SD 1; 3129, SD 2; 3130, SD 1; 3134; 3137, SD 1; 3141, SD 1; 3142, SD 1; 3143, SD 1; 3156, SD 2; 3159, SD 2; 3170, SD 1; 3171, SD 1; 3177; 3183, SD 1; 3191, SD 2; 3201, SD 2; 3204; 3206, SD 2; 3213, SD 2; 3215, SD 1; 3220, SD 1; 3223, SD 2; 3227, SD 2; 3228, SD 1; 3230, SD 1; 3232, SD 2; 3234; 3239, SD 1; 3240; 3241, SD 1; 3244, SD 1; 3248, SD 2; and 3258, SD 2, passed First Reading by title and further action was deferred until later in the calendar.

- 1946 Committee on Health, then to the Committee on Hawaiian Affairs, then to the Committee on Consumer Protection and Commerce
- 2025 Committee on Agriculture, then to the Committee on Judiciary, then to the Committee on Finance
- 2026 Committee on Finance
- 2037 Committee on Consumer Protection and Commerce, then to the Committee on Finance
- 2056 Committee on Energy and Environmental Protection, then to the Committee on Judiciary
- 2063 Committee on Finance
- 2065 Committee on Finance
- 2078 Committee on Tourism, then to the Committee on Finance
- 2092 Committee on Energy and Environmental Protection, then to the Committee on Finance
- 2099 Committee on Transportation, then to the Committee on Judiciary
- 2121 Committee on Judiciary
- 2123 Committee on Judiciary, then to the Committee on Finance
- 2125 Committee on Judiciary
- 2127 Committee on Judiciary
- 2128 Committee on Legislative Management, then to the Committee on Judiciary
- 2129 Committee on Judiciary
- 2132 Committee on Consumer Protection and Commerce
- 2136 Jointly to the Committee on Consumer Protection and Commerce and the Committee on Judiciary
- 2148 Committee on Water and Land Use, then to the Committee on Finance
- 2171 Committee on Health, then to the Committee on Education, then to the Committee on Finance
- 2185 Committee on Transportation, then to the Committee on Judiciary
- 2201 Committee on Tourism, then to the Committee on Finance
- 2204 Committee on Consumer Protection and Commerce, then to the Committee on Finance
- 2207 Committee on Higher Education, then to the Committee on Finance
- 2210 Committee on Education, then to the Committee on Finance
- 2211 Committee on Education, then to the Committee on Finance
- 2213 Committee on Labor and Public Employment, then to the Committee on Finance
- 2215 Committee on Finance

ORDER OF THE DAY

COMMITTEE REFERRALS

The following Senate Bills were referred to committee by the Speaker:

- | <u>S.B.</u>
<u>Nos.</u> | <u>Referred to:</u> |
|----------------------------|--|
| 105 | Committee on Energy and Environmental Protection, then to the Committee on Finance |
| 379 | Committee on Energy and Environmental Protection, then to the Committee on Judiciary |
| 616 | Committee on Finance |
| 705 | Committee on Judiciary, then to the Committee on Finance |
| 721 | Committee on Judiciary, then to the Committee on Finance |
| 785 | Committee on Judiciary |
| 1012 | Committee on Tourism, then to the Committee on Finance |
| 1081 | Committee on Water and Land Use |
| 1196 | Committee on Transportation, then to the Committee on Judiciary |
| 1273 | Committee on Judiciary, then to the Committee on Finance |
| 1384 | Committee on Consumer Protection and Commerce |
| 1465 | Committee on Labor and Public Employment, then to the Committee on Finance |
| 1469 | Committee on Finance |
| 1480 | Committee on Labor and Public Employment, then to the Committee on Finance |
| 1559 | Committee on Energy and Environmental Protection, then to the Committee on Judiciary, then to the Committee on Finance |
| 1587 | Committee on Energy and Environmental Protection, then to the Committee on Judiciary |
| 1638 | Committee on Finance |

- | | | | |
|------|---|------|--|
| 2222 | Committee on Labor and Public Employment, then to the Committee on Finance | 2327 | Committee on Consumer Protection and Commerce |
| 2225 | Committee on Economic Development and Business Concerns, then to the Committee on Finance | 2329 | Committee on Judiciary, then to the Committee on Finance |
| 2228 | Committee on Consumer Protection and Commerce, then to the Committee on Finance | 2332 | Committee on Consumer Protection and Commerce |
| 2229 | Committee on Energy and Environmental Protection, then to the Committee on Transportation, then to the Committee on Finance | 2333 | Committee on Health, then to the Committee on Finance |
| 2234 | Committee on Finance | 2336 | Committee on Labor and Public Employment, then to the Committee on Finance |
| 2236 | Committee on Agriculture, then to the Committee on Finance | 2338 | Committee on Consumer Protection and Commerce, then to the Committee on Finance |
| 2239 | Committee on Judiciary | 2340 | Jointly to the Committee on Human Services and Housing and the Committee on Health, then jointly to the Committee on Consumer Protection and Commerce and the Committee on Judiciary, then to the Committee on Finance |
| 2246 | Committee on Judiciary | 2345 | Committee on Energy and Environmental Protection |
| 2249 | Jointly to the Committee on Public Safety and Military Affairs and the Committee on Judiciary, then to the Committee on Finance | 2346 | Committee on Health, then to the Committee on Consumer Protection and Commerce, then to the Committee on Finance |
| 2253 | Committee on Judiciary | 2347 | Committee on Energy and Environmental Protection, then to the Committee on Judiciary |
| 2254 | Committee on Judiciary, then to the Committee on Finance | 2349 | Committee on Energy and Environmental Protection, then to the Committee on Finance |
| 2256 | Committee on Water and Land Use | 2350 | Committee on Energy and Environmental Protection, then to the Committee on Finance |
| 2258 | Committee on Health, then to the Committee on Finance | 2358 | Committee on Transportation, then to the Committee on Judiciary |
| 2259 | Committee on Finance | 2385 | Committee on Education, then to the Committee on Transportation, then to the Committee on Finance |
| 2260 | Committee on Finance | 2388 | Committee on Health, then to the Committee on Education |
| 2263 | Committee on Labor and Public Employment, then to the Committee on Finance | 2389 | Committee on Health, then to the Committee on Judiciary |
| 2292 | Committee on Finance | 2390 | Committee on Energy and Environmental Protection |
| 2297 | Jointly to the Committee on Consumer Protection and Commerce and the Committee on Judiciary | 2394 | Committee on Judiciary, then to the Committee on Finance |
| 2307 | Committee on Human Services and Housing, then to the Committee on Finance | 2396 | Committee on Transportation, then to the Committee on Judiciary |
| 2308 | Jointly to the Committee on Higher Education and the Committee on Education, then to the Committee on Consumer Protection and Commerce | 2398 | Committee on Judiciary |
| 2309 | Committee on Health, then to the Committee on Consumer Protection and Commerce | 2399 | Committee on Judiciary, then to the Committee on Finance |
| 2314 | Committee on Judiciary, then to the Committee on Finance | 2400 | Committee on Judiciary |
| 2318 | Committee on Judiciary, then to the Committee on Finance | 2401 | Committee on Judiciary |
| 2319 | Committee on Judiciary, then to the Committee on Finance | 2402 | Committee on Judiciary, then to the Committee on Finance |
| 2323 | Committee on Judiciary | 2403 | Committee on Judiciary |
| 2326 | Jointly to the Committee on Labor and Public Employment and the Committee on Consumer Protection and Commerce, then to the Committee on Finance | | |

2404	Committee on Judiciary	2556	Committee on Transportation, then to the committee on Judiciary
2409	Jointly to the Committee on Consumer Protection and Commerce and the Committee on Judiciary, then to the Committee on Finance	2557	Committee on Judiciary, then to the Committee on Finance
2411	Jointly to the Committee on Consumer Protection and Commerce and the Committee on Judiciary	2559	Committee on Labor and Public Employment, then to the Committee on Judiciary, then to the Committee on Finance
2413	Committee on Energy and Environmental Protection, then to the Committee on Finance	2564	Committee on Consumer Protection and Commerce
2414	Committee on Consumer Protection and Commerce	2565	Committee on Judiciary
2418	Committee on Energy and Environmental Protection, then to the Committee on Finance	2566	Committee on Health, then to the Committee on Judiciary
2423	Committee on Labor and Public Employment, then to the Committee on Judiciary	2575	Committee on Consumer Protection and Commerce
2434	Committee on Finance	2580	Committee on Education
2437	Committee on Labor and Public Employment, then to the Committee on Finance	2581	Jointly to the Committee on Consumer Protection and Commerce and the Committee on Judiciary, then to the Committee on Finance
2439	Committee on Health, then to the Committee on Consumer Protection and Commerce, then to the Committee on Finance	2582	Jointly to the Committee on Consumer Protection and Commerce and the Committee on Judiciary, then to the Committee on Finance
2450	Committee on Finance	2583	Committee on Consumer Protection and Commerce
2460	Committee on Health, then jointly to the Committee on Consumer Protection and Commerce and the Committee on Judiciary	2586	Committee on Consumer Protection and Commerce
2465	Committee on Judiciary	2587	Committee on Consumer Protection and Commerce, then to the Committee on Finance
2466	Committee on Judiciary	2588	Committee on Consumer Protection and Commerce
2469	Committee on Consumer Protection and Commerce	2589	Committee on Consumer Protection and Commerce
2472	Jointly to the Committee on Consumer Protection and Commerce and the Committee on Judiciary	2595	Committee on Health, then to the Committee on Consumer Protection and Commerce
2482	Jointly to the Committee on Consumer Protection and Commerce and the Committee on Judiciary, then to the Committee on Finance	2598	Committee on Consumer Protection and Commerce
2493	Committee on Transportation, then to the Committee on Judiciary	2600	Committee on Consumer Protection and Commerce, then to the Committee on Finance
2494	Committee on Transportation, then to the Committee on Judiciary	2602	Committee on Consumer Protection and Commerce
2495	Committee on Labor and Public Employment	2607	Committee on Consumer Protection and Commerce, then to the Committee on Finance
2496	Committee on Finance	2608	Committee on Health
2501	Committee on Finance	2610	Committee on Consumer Protection and Commerce
2509	Committee on Education, then to the Committee on Finance	2618	Jointly to the Committee on Health and the Committee on Human Services and Housing, then to the Committee on Finance
2516	Jointly to the Committee on Consumer Protection and Commerce and the Committee on Judiciary	2621	Committee on Human Services and Housing, then to the Committee on Finance
2525	Jointly to the Committee on Consumer Protection and Commerce and the Committee on Judiciary	2622	Committee on Human Services and Housing, then to the Committee on Finance
2554	Jointly to the Committee on Consumer Protection and Commerce and the Committee on Judiciary		

2624	Committee on Human Services and Housing, then to the Committee on Finance	2744	Committee on Human Services and Housing, then to the Committee on Finance
2625	Committee on Education	2746	Committee on Human Services and Housing, then to the Committee on Finance
2628	Committee on Labor and Public Employment, then to the Committee on Finance	2757	Committee on Energy and Environmental Protection
2633	Committee on Consumer Protection and Commerce, then to the Committee on Finance	2759	Committee on Judiciary, then to the Committee on Finance
2635	Jointly to the Committee on Human Services and Housing and the Committee on Health, then to the Committee on Finance	2761	Committee on Consumer Protection and Commerce
2640	Committee on Health, then to the Committee on Consumer Protection and Commerce	2768	Jointly to the Committee on Labor and Consumer Protection and Commerce, then to the Committee on Finance
2641	Committee on Health, then to the Committee on Finance	2769	Committee on Agriculture, then to the Committee on Finance
2644	Committee on Consumer Protection and Commerce	2770	Committee on Agriculture, then jointly to the Committee on Consumer Protection and Commerce and the Committee on Judiciary
2652	Committee on Water and Land Use, then to the Committee on Finance	2771	Committee on Agriculture, then to the Committee on Consumer Protection and Commerce
2655	Committee on Transportation, then to the Committee on Judiciary	2772	Committee on Agriculture, then to the Committee on Consumer Protection and Commerce
2657	Committee on Finance	2773	Committee on Agriculture
2658	Committee on Finance	2776	Committee on Labor and Public Employment, then to the Committee on Finance
2667	Committee on Labor and Public Employment, then to the Committee on Judiciary	2777	Committee on Labor and Public Employment, then to the Committee on Finance
2680	Committee on Labor and Public Employment	2778	Committee on Finance
2684	Committee on Labor and Public Employment, then to the Committee on Finance	2782	Committee on Judiciary, then to the Committee on Finance
2689	Committee on Labor and Public Employment, then to the Committee on Finance	2785	Committee on Judiciary
2692	Committee on Transportation, then to the Committee on Judiciary	2786	Committee on Judiciary
2696	Committee on Judiciary	2792	Committee on Judiciary
2697	Committee on Judiciary	2794	Committee on Judiciary
2704	Committee on Judiciary	2795	Committee on Judiciary
2705	Committee on Judiciary, then to the Committee on Finance	2796	Committee on Judiciary
2710	Committee on Judiciary	2799	Committee on Energy and Environmental Protection, then to the Committee on Finance
2712	Committee on Judiciary	2800	Committee on Economic Development and Business Concerns, then to the Committee on Finance
2715	Committee on Judiciary	2802	Committee on Economic Development and Business Concerns, then to the Committee on Finance
2717	Committee on Judiciary	2803	Committee on Economic Development and Business Concerns, then to the Committee on Consumer Protection and Commerce, then to the Committee on Finance
2730	Committee on Tourism, then to the Committee on Finance	2804	Committee on Human Services and Housing, then to the Committee on Finance
2738	Committee on Finance		
2739	Committee on Judiciary, then to the Committee on Finance		
2740	Committee on Judiciary		

2805	Jointly to the Committee on Consumer Protection and Commerce and the Committee on Judiciary	2844	Committee on Consumer Protection and Commerce
2807	Committee on Transportation, then to the Committee on Consumer Protection and Commerce	2845	Committee on Health, then to the Committee on Finance
2808	Committee on Consumer Protection and Commerce, then to the Committee on Finance	2846	Committee on Health, then to the Committee on Judiciary
2812	Committee on Human Services and Housing, then to the Committee on Finance	2847	Committee on Health, then to the Committee on Consumer Protection and Commerce, then to the Committee on Finance
2814	Committee on Labor and Public Employment, then to the Committee on Finance	2848	Jointly to the Committee on Health and the Committee on Human Services and Housing, then to the Committee on Finance
2816	Committee on Labor and Public Employment, then to the Committee on Finance	2849	Committee on Judiciary, then to the Committee on Finance
2817	Committee on Labor and Public Employment, then to the Committee on Finance	2850	Committee on Energy and Environmental Protection, then to the Committee on Judiciary
2819	Committee on Consumer Protection and Commerce	2851	Committee on Health, then to the Committee on Judiciary, then to the Committee on Finance
2820	Jointly to the Committee on Consumer Protection and Commerce and the Committee on Judiciary, then to the Committee on Finance	2852	Committee on Energy and Environmental Protection, then to the Committee on Finance
2821	Committee on Consumer Protection and Commerce	2854	Committee on Judiciary
2824	Jointly to the Committee on Consumer Protection and Commerce and the Committee on Judiciary	2855	Committee on Health, then to the Committee on Consumer Protection and Commerce, then to the Committee on Finance
2825	Committee on Health, then to the Committee on Consumer Protection and Commerce	2858	Committee on Health, then to the Committee on Consumer Protection and Commerce
2827	Committee on Health, then to the Committee on Consumer Protection and Commerce	2861	Committee on Health, then to the Committee on Finance
2829	Committee on Consumer Protection and Commerce	2862	Committee on Health, then to the Committee on Finance
2832	Jointly to the Committee on Consumer Protection and Commerce and the Committee Judiciary	2865	Committee on Health, then to the Committee on Finance
2834	Jointly to the Committee on Consumer Protection and Commerce and the Committee on Judiciary and the Committee on Finance	2866	Committee on Health, then to the Committee on Finance
2835	Jointly to the Committee on Consumer Protection and Commerce and the Committee on Judiciary, then to the Committee on Finance	2873	Committee on Public Safety and Military Affairs, then to the Committee on Finance
2836	Jointly to the Committee on Consumer Protection and Commerce and the Committee on Judiciary	2874	Committee on Human Services and Housing, then to the Committee on Finance
2837	Jointly to the Committee on Consumer Protection and Commerce and the Committee on Judiciary	2875	Committee on Human Services and Housing, then to the Committee on Finance
2838	Committee on Consumer Protection and Commerce	2876	Committee on Human Services and Housing, then to the Committee on Judiciary, then to the Committee on Finance
2839	Committee on Consumer Protection and Commerce	2877	Committee on Human Services and Housing, then to the Committee on Finance
2840	Committee on Consumer Protection and Commerce	2878	Committee on Human Services and Housing, then to the Committee on Judiciary, then to the Committee on Finance
2841	Jointly to the Committee on Consumer Protection and Commerce and the Committee on Judiciary, then to the Committee on Finance	2879	Committee on Human Services and Housing, then to the Committee on Finance
2842	Committee on Consumer Protection and Commerce	2880	Committee on Labor and Public Employment, then to the Committee on Finance

2883	Committee on Labor and Public Employment, then to the Committee on Finance	2981	Committee on Consumer Protection and Commerce
2884	Committee on Labor and Public Employment, then to the Committee on Judiciary	2983	Committee on Judiciary, then to the Committee on Finance
2885	Committee on Labor and Public Employment, then to the Committee on Judiciary	2986	Committee on Human Services and Housing, then to the Committee on Finance
2887	Committee on Consumer Protection and Commerce	2987	Jointly to the Committee on Human Services and Housing and the Committee on Health, then to the Committee on Judiciary, then to the Committee on Finance
2889	Committee on Labor and Public Employment	2991	Committee on Human Services and Housing, then to the Committee on Finance
2890	Committee on Judiciary, then to the Committee on Finance	2999	Committee on Labor and Public Employment, then to the Committee on Finance
2895	Committee on Ocean Recreation and Marine Resources, then to the Committee on Judiciary	3000	Committee on Labor and Public Employment, then to the Committee on Finance
2903	Committee on Judiciary	3002	Committee on Human Services and Housing, then to the Committee on Judiciary, then to the Committee on Finance
2904	Committee on Judiciary, then to the Committee on Finance	3004	Committee on Finance
2906	Committee on Public Safety and Military Affairs, then to the Committee on Finance	3006	Committee on Finance
2909	Committee on Finance	3007	Committee on Economic Development and Business Concerns, then to the Committee on Finance
2910	Committee on Transportation, then to the Committee on Water and Land Use, then to the Committee on Finance	3015	Committee on Finance
2914	Committee on Transportation, then jointly to the Committee on Consumer Protection and Commerce and the Committee on Judiciary	3018	Committee on Consumer Protection and Commerce
2915	Committee on Higher Education, then to the Committee on Judiciary	3024	Committee on Agriculture, then to the Committee on Finance
2922	Committee on Legislative Management, then to the Committee on Finance	3025	Committee on Agriculture, then to the Committee on Finance
2923	Committee on Economic Development and Business Concerns, then to the Committee on Finance	3031	Committee on Judiciary, then to the Committee on Finance
2941	Committee on Consumer Protection and Commerce	3035	Committee on Human Services and Housing, then to the Committee on Finance
2945	Committee on Labor and Public Employment, then to the Committee on Judiciary, then to the Committee on Finance	3037	Committee on Judiciary
2957	Committee on Judiciary	3040	Committee on Judiciary
2958	Jointly to the Committee on Consumer Protection and Commerce and the Committee on Judiciary	3043	Committee on Judiciary, then to the Committee on Finance
2963	Committee on Finance	3051	Committee on Health, then to the Committee on Finance
2964	Committee on Labor and Public Employment, then to the Committee on Finance	3064	Jointly to the Committee on Energy and Environmental Protection and the Committee on Ocean Recreation and Marine Resources, then to the Committee on Finance
2966	Committee on Judiciary, then to the Committee on Finance	3070	Committee on Education, then to the Committee on Finance
2969	Committee on Transportation, then jointly to the Committee on Consumer Protection and Commerce and the Committee on Judiciary	3075	Committee on Finance
2970	Committee on Energy and Environmental Protection, then to the Committee on Tourism, then to the Committee on Finance	3076	Jointly to the Committee on Human Services and Housing and the Committee on Health, then to the Committee on Finance

- | | | | |
|------|---|------|---|
| 3077 | Committee on Consumer Protection and Commerce | 3201 | Committee on Labor and Public Employment, then to the Committee on Finance |
| 3084 | Committee on Judiciary | 3204 | Committee on Transportation, then to the Committee on Judiciary |
| 3088 | Committee on Labor and Public Employment, then to the Committee on Judiciary | 3206 | Jointly to the Committee on Judiciary and the Committee on Public Safety and Military Affairs, then to the Committee on Finance |
| 3094 | Committee on Transportation, then to the Committee on Consumer Protection and Commerce | 3213 | Committee on Consumer Protection and Commerce, then to the Committee on Finance |
| 3105 | Jointly to the Committee on Consumer Protection and Commerce and the Committee on Judiciary | 3215 | Committee on Agriculture |
| 3113 | Committee on Consumer Protection and Commerce | 3220 | Committee on Human Services and Housing, then to the Committee on Finance |
| 3114 | Committee on Human Services and Housing, then to the Committee on Finance | 3223 | Committee on Agriculture, then to the Committee on Finance |
| 3123 | Jointly to the Committee on Human Services and Housing and the Committee on Health, and the Committee on Finance | 3227 | Committee on Health, then to the Committee on Finance |
| 3126 | Committee on Transportation, then jointly to the Committee on Consumer Protection and Commerce and the Committee on Judiciary | 3228 | Committee on Judiciary |
| 3127 | Committee on Finance | 3230 | Committee on Public Safety and Military Affairs, then to the Committee on Finance |
| 3129 | Committee on Labor and Public Employment, then to the Committee on Finance | 3232 | Committee on Consumer Protection and Commerce, then to the Committee on Finance |
| 3130 | Committee on Economic Development and Business Concerns, then to the Committee on Finance | 3234 | Committee on Health, then to the Committee on Consumer Protection and Commerce |
| 3134 | Committee on Finance | 3239 | Committee on Higher Education, then to the Committee on Labor and Public Employment, then to the Committee on Finance |
| 3137 | Committee on Transportation, then jointly to the Committee on Consumer Protection and Commerce and the Committee on Judiciary | 3240 | Committee on Health, then to the Committee on Judiciary |
| 3141 | Committee on Finance | 3241 | Jointly to the Committee on Consumer Protection and Commerce and the Committee on Judiciary |
| 3142 | Committee on Economic Development and Business Concerns, then jointly to the Committee on Consumer Protection and Commerce and the Committee on Judiciary | 3244 | Committee on Consumer Protection and Commerce, then to the Committee on Finance |
| 3143 | Committee on Consumer Protection and Commerce, then to the Committee on Finance | 3248 | Committee on Health, then to the Committee on Finance |
| 3156 | Committee on Energy and Environmental Protection, then to the Committee on Economic Development and Business Concerns, then to the Committee on Finance | 3258 | Committee on Economic Development and Business Concerns, then to the Committee on Finance |
| 3159 | Committee on Consumer Protection and Commerce | | |
| 3170 | Committee on Judiciary | | |
| 3171 | Committee on Judiciary | | |
| 3177 | Committee on Education, then to the Committee on Finance | | |
| 3183 | Committee on Judiciary, then to the Committee on Finance | | |
| 3191 | Committee on Human Services and Housing, then to the Committee on Consumer Protection and Commerce, then to the Committee on Finance | | |

DEFERRED RESOLUTIONS

The following resolutions (H.R. Nos. 20 and 21) and concurrent resolutions (H.C.R. Nos. 64 through 75) were referred to committee by the Speaker:

- | <u>H.R.</u>
<u>Nos.</u> | <u>Referred to:</u> |
|------------------------------|---|
| 20 | Committee on Health, then to the Committee on Finance |
| 21 | Committee on Public Safety and Military Affairs |
| <u>H.C.R.</u>
<u>Nos.</u> | <u>Referred to:</u> |
| 64 | Committee on Health, then to the Committee on Finance |

- 65 Committee on Consumer Protection and Commerce
- 66 Committee on Water and Land Use, then to the Committee on Legislative Management
- 67 Committee on Energy and Environmental Protection, then to the Committee on Finance
- 68 Committee on Health, then to the Committee on Consumer Protection and Commerce, then to the Committee on Legislative Management
- 69 Committee on Ocean Recreation and Marine Resources, then to the Committee on Public Safety and Military Affairs
- 70 Jointly to the Committee on Education and the Committee on Higher Education, then to the Committee on Finance
- 71 Committee on Judiciary, then to the Committee on Finance
- 72 Committee on Tourism, then to the Committee on Labor and Public Employment, then to the Committee on Finance
- 73 Committee on Tourism, then to the Committee on Finance
- 74 Jointly to the Committee on Consumer Protection and Commerce and the Committee on Judiciary
- 75 Committee on Health, then to the Committee on Consumer Protection and Commerce, then to the Committee on Legislative Management

SUSPENSION OF RULES

On motion by Representative M. Oshiro, seconded by Representative Marumoto and carried, the rules were suspended for the purpose of considering a bill on Final Reading on the basis of a modified consent calendar. (Representative Yonamine was excused.)

FINAL READING

H.B. No. 967, HD 2:

On motion by Representative Okamura, seconded by Representative M. Oshiro and carried, H.B. No. 967, HD 2, entitled: "A BILL FOR AN ACT RELATING TO OCEAN RECREATION MANAGEMENT," passed Final Reading by a vote of 50 ayes, with Representative Yonamine being excused.

The Chair directed the Clerk to note that H.B. No. 967, had passed Final Reading at 11:55 o'clock a.m.

STANDING COMMITTEE REPORTS

Representative Herkes, for the Committee on Economic Development and Business Concerns, presented a report (Stand. Com. Rep. No. 806-98) recommending that H.C.R. No. 31, as amended in HD 1, be referred to the Committee on Consumer Protection and Commerce.

On motion by Representative Okamura, seconded by Representative M. Oshiro and carried, the report of the Committee was adopted and H.C.R. No. 31, HD 1, entitled: "HOUSE CONCURRENT RESOLUTION

REQUESTING THE DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT, AND TOURISM TO EXAMINE THE IMPEDIMENTS TO ELECTRIC COMPETITION IN THE STATE OF HAWAII AND SUBMIT LEGISLATION TO EXPEDITE PUBLIC UTILITIES DOCKET NO. 96-0493," was referred to the Committee on Consumer Protection and Commerce with Representative Yonamine being excused.

Representative Herkes, for the Committee on Economic Development and Business Concerns, presented a report (Stand. Com. Rep. No. 807-98) recommending that H.C.R. No. 6, as amended in HD 1, be referred to the Committee on Finance.

On motion by Representative Okamura, seconded by Representative M. Oshiro and carried, the report of the Committee was adopted and H.C.R. No. 6, HD 1, entitled: "HOUSE CONCURRENT RESOLUTION REQUESTING THE GOVERNOR OF THE STATE OF HAWAII TO WORK WITH HAWAII'S CONGRESSIONAL DELEGATION, THE COUNTY OF HAWAII, AND THE KAU COMMUNITY TO BRING ABOUT THE DESIGNATION OF THE KAU DISTRICT ON THE ISLAND OF HAWAII AS AN EMPOWERMENT ZONE OR AN ENTERPRISE COMMUNITY UNDER THE FEDERAL EMPOWERMENT ZONES AND ENTERPRISE COMMUNITIES PROGRAM," was referred to the Committee on Finance, with Representative Yonamine being excused.

Representative Herkes, for the Committee on Economic Development and Business Concerns, presented a report (Stand. Com. Rep. No. 808-98) recommending that H.C.R. No. 12, as amended in HD 1, be referred to the Committee on Finance.

On motion by Representative Okamura, seconded by Representative M. Oshiro and carried, the report of the Committee was adopted and H.C.R. No. 12, HD 1, entitled: "HOUSE CONCURRENT RESOLUTION REQUESTING AN ACTION PLAN TO DEVELOP HAWAII AS A BASE FOR MULTINATIONAL ENTERPRISES," was referred to the Committee on Finance with Representative Yonamine being excused.

Representative Herkes, for the Committee on Economic Development and Business Concerns, presented a report (Stand. Com. Rep. No. 809-98) recommending that H.C.R. No. 30, as amended in HD 1, be referred to the Committee on Transportation.

On motion by Representative Okamura, seconded by Representative M. Oshiro and carried, the report of the Committee was adopted and H.C.R. No. 30, HD 1, entitled: "HOUSE CONCURRENT RESOLUTION REQUESTING THE GOVERNOR TO SUBMIT A STATE OF HAWAII APPLICATION TO THE UNITED STATES SECRETARY OF TRANSPORTATION TO AUTHORIZE FOREIGN AIR CARRIERS TO CONDUCT CERTAIN EXPANDED CARGO TRANSFER ACTIVITIES AT INTERNATIONAL AIRPORTS IN THE STATE OF HAWAII," was referred to the Committee on Transportation with Representative Yonamine being excused.

SUSPENSION OF RULES

On motion by Representative M. Oshiro, seconded by Representative Marumoto and carried, the rules were suspended for the purpose of considering certain bills on Third Reading on the basis of a modified consent calendar. (Representative Yonamine was excused.)

THIRD READING

Representative Say moved that H.B. No. 2500, HD 1, and H.B. No. 2710, HD 1, pass Third Reading, seconded by Representative Kawakami.

H.B. No. 2500, HD 1:

Representative Say rose and stated:

"Mr. Speaker and members of this House, I rise in strong support of House Bill No. 2500, House Draft 1, but before I do may I take a few moments to recognize the people who have helped bring this Finance Committee to this halfway point of our legislative session.

"I ask that the staff please stand to be recognized from the Finance Committee. My Committee Clerk, Mr. Kevin Kuroda; the front person who keeps the front office together, Ms. Gail Kakuda; in her third year, Ms. Lilinoe Lindsey; Ms. Roberta Chun, who keeps my office organized also, my personal office; the always smiling Ms. Suzanne Mizuta; and our youngest sister of them all, Ms. Taisha Tanigawa.

"The Research staff who have done a great job with all of our fiscal legislations are: Mr. RJ Yahiku, who some say is my legislative enforcer; Mr. Nan Kalupahana, who is always ready to lend a hand; our Shadow and bill tracking expert, Mr. Jo Hamasaki; and our two researchers, Ms. Annie Macapagal, and recently wedded, Mr. Byron Kodama Fujieda.

"The analysts who worked very hard in putting this budget together is Mr. Brian Furuto, the budget supervisor who gets more energized as the hours get longer during the morning; Mr. Brian Hallett, the person who is responsible for all of our CIP projects with the Subcommittee Chair Representative Nakasone; Ms. Sherry Hayashi, who is on loan from the Auditor's office; Mr. Kent Fong, who is also on loan from American Savings Bank; Ms. Rachel Hatt, who has recently moved here from the East Coast; Mr. Ryan Moniz, another staffer with all smiles that took care of the Department of Transportation; Mr. Roger Kim, who did a fantastic job with the Human Services budget, and his father is also an M.D.; Ms. Susan Chow, who enjoys going to our prisons to interview the inmates; Ms. Jackie Dacay, who now has the respect for State government; Mr. Alan Alfonso, who spent many hours and years with our DOE personnel along with Chair Stegmaier; and last but not least, Ms. Liza Hamada, another staffer who recently got married. Members of the House, would you please recognize the staff of the Finance Committee.

"Mr. Speaker and members of this House, the budget that lies before you today is a culmination of six months of work. In fact, Mr. Speaker and members, before I go into it any further, I would like to thank every member of this body for their input in developing the executive supplemental budget.

"This budget is the outcome of your input and your recommendations. From Finance Committee members to subject Committee Chairs, from department heads to department ASOs, even reasonable Republican suggestions are all included in this budget.

"Before I begin, I do want to point out one adjustment for all of you that will be made in conference. If you turn to page 9, Labor 161, there was a minus five positions and should be reflected in a reduction from Labor 812 which is on page 11. This, members, is the consolidation of the Hawaii Labor Relations Board and the Labor and Industrial Relations Appeals Board.

"Before I begin my speech, Mr. Speaker, I wanted to take a few moments to reflect on a past Reverend Paul Osumi's Today's Thoughts that was cut out about 12 years ago. This is no pun to the Minority or the Judiciary Chair.

'Three blind men once touched an elephant. The first touched a leg and said, it is like a tree. The second blind man touched an ear and said, it is a leaf. The third touched the tail and said, it is a rope. All judged the elephant by a part of it. And in life we often make that mistake of judging the whole by its part.'

"Mr. Speaker and members of this House, for the past two years I have stood on this floor and declared that government cannot, will not, and must not be all things to all people. Much to my surprise, during his State of the State speech, the Governor, for the first time, uttered those same words.

"Why would we say such a thing, I ask you? Is it because we think welfare, education, and health services are not important? Is it because you want to see the services we provide to the public taken away? Or is it because we are plain evil? Obviously the answer to all of these questions is a resounding no. Rather, we must reduce government because we can't afford all the services that we were once so proud to provide.

"To appropriately comment on this budget bill, I must remind this House what factors shaped our strategy in formulating this supplemental budget. I take you back to the last session. At that time, Mr. Speaker and members, we passed out a comprehensive biennium budget. The budget we passed was made up of reductions totalling close to \$300 million over the biennium.

"I believe it was responsive, sound, and balanced. We still managed, Mr. Speaker and members, to find enough to fund our education, welfare, and human services. We still managed to take care of our pressing problems such as education, enrollment increases, the mental health needs in regards to Felix, the prison overcrowding and the imminent year 2000 problem.

"May I also remind all of the members of this body of our fiscal circumstances at the beginning of this session. Due to the Council's December projection, before the session ever began, we were compelled to reduce our budget by \$110 million. So the Finance Committee began the 1998 session as we have for five out of the past seven years, with one underlying mission in mind -- to deal with the revenue shortfall -- and we have, Mr. Speaker.

"Mr. Speaker and members of this House, allow me to read a few figures to you: \$228 million cuts, \$62 million in fiscal year 1998, plus another \$162 million in fiscal year 1999; 420 positions reduced which are general funded provisions; 125 positions reduced which is all other means of financing; 17 vertical programs that are being abolished with a savings of \$5 million; 11 program conversions equating to \$4 million in savings. And we have taken a 40 percent vacancy cut of all vacant positions by the respective departments. And last but not least, which I think hurts all of us, a 15 percent State purchase in grant-in-aids monies being reduced.

"Still Mr. Speaker, many people out in the general public and at large will say that we didn't cut enough. But before they say that, let me stop and remind you, in dealing with our revenue short-fall for over the past seven years, much of what we've done has centered on cutting the budget. Moreover, over the past four years, our general fund appropriations have been reduced by nearly

10 percent. This while our population has grown by almost 15 percent.

"Therefore, while I knew we'd have to cut again, I also knew that finding cuts would be very much more difficult than it has been in the past. Our departments could no longer sustain horizontal, across the board cuts. And consequently, the fundamental question that I ask myself then became, what should government be? Should government be there for the poor and the indigent? Should government set the foundation for education? Should government protect the public in times of civil disobedience and disasters? Should government be concerned with our environment? And the answer to all of you, Mr. Speaker, is: 'yes, yes, yes, and yes.'

"However, the same questions could be asked and the same answers given for any number of services that we do provide to the people of the State of Hawaii."

At this point, Representative P. Oshiro yielded his time to Representative Say.

Representative Say thanked the Chair and continued, stating:

"Who decides what services are essential to whom, Mr. Speaker? Me? The Governor? The Minority Party? That question cannot be answered as easily as our colleagues across the aisle think. That's because, Mr. Speaker, the only people who can answer what services are absolutely necessary are our constituents. Our job is to balance their needs and their concerns.

"While some may argue, Mr. Speaker and members, for increased environmental protection, others may fight for more mental health services. While some believe that our prison system is underfunded, others will fight for increased welfare spending. Therefore, while I knew that each department would feel the budget crunch, there were certain objectives that we kept in sight.

"Our first goal was to make sure, Mr. Speaker and members, that departments could remain responsive to public needs. To ensure that this continues, we must allow for departmental flexibility. We have done this by allowing these departments to both prioritize the areas of reduction and move their remaining limited funds around. There are several departments with which this approach is evident. The Department of Health, Labor, Human Resources, and Human Services are good examples of this. They explicitly pointed to areas to reduce and after our review, we agreed.

"Our second goal was to make sure that the current level of services for many of our core public programs as possible were sustained. To maintain these levels, we reduced and abolished a number of programs and activities. Unfortunately, Mr. Speaker, in times of budget shortages, there are certain instances when we must 'rob Peter to pay Paul.' While a strong case can be made for keeping the abolished programs, an even stronger case can be made for services that we must continue to fund also.

"You see, Mr. Speaker and members, developing a State budget is a very, very precarious balancing act, a balancing act that includes all State departments and agencies. Let me pause to give you an example of this. I am sure that all of you have heard the media reporting a proposed increase in class size. The DOE proposal was to eliminate \$10.4 million from their budget. It would have increased the student/teacher ratio from 21 to 1 to 24 to 1.

"However, Mr. Speaker, your Finance Committee strongly disagreed with this proposal. You have also heard about the abolishment of the Peer Education Program. I will always advocate a lower student/teacher ratio when funding permits, but how do I explain that a low student/teacher ratio takes priority over the students who rely on the Peer Education Program for advice and guidance?

"May I remind our colleague in the Senate, before he finds the \$3.1 million to bring the student/teacher ratio down to 20 to 1, he must first find the \$10.4 million to address the DOE's shortfall. Members, although each department has been cut, you will notice that educating our future generation, the public safety of the community and the welfare of our indigent population continue to take priority.

"While administrative departments like the Lieutenant Governor's office and the Department of Accounting and General Services received cuts of over 10 percent, when compared to their 1998 appropriations, our Education, Health and Human Services, and the University departments received less than 5 percent.

"Getting into another topic, Mr. Speaker, which all of you should be aware of, is our fixed costs. Mr. Speaker and members, let us not forget. Let me once again brief you on this topic of fixed costs. As I have repeatedly stated over these last six years, almost two-thirds of our operating costs are fixed. To finance the construction of our schools, prisons, and other State facilities, we must pay now, dearly, at an amount of \$400 million in general funded debt service payments per year. To maintain our work force, we must spend nearly \$400 million in general funds per year."

At this point, Representative Yamane yielded his time to Representative Say.

Representative Say thanked the Chair and continued, stating:

"To continue aid to the most needy in our community, Mr. Speaker and members, we must spend over \$830.5 million per year. To ensure the State's compliance with legal mandates and court orders, our payment now is in excess of \$225 million per year. And this is the Spears consent decree and the Felix consent decree.

"However, in the area of fixed costs, we have managed, Mr. Speaker, to reduce our expenses by over \$45 million. This is over 25 percent of our \$166 million in fiscal year 1999 reduction. This reduction grows, giving more when future years are taken into consideration. So what we've done, Mr. Speaker, thanks to this body, we have passed measures that will allow us to have a greater control over our fixed costs, measures that would prevent overtime pay from being included in the pension calculations, measures to reduce the State's contribution to the Employee's Retirement System, and measures that would limit health fund benefits to only those employees after retirement. This will make government much more like the private sector in terms of their retirees.

"Mr. Speaker, at the beginning we even considered the across-the-board salary for all State employees. However, as we found out, it goes against our Constitution; not of our State's, but of our Nation's.

"Mr. Speaker and members of this House, I would be remiss if I did not respond to some of our detractors of this budget. I understand they may be upset because they feel that this budget does not include their fiscal

assumptions, but I assure you we're sensible, we have included the reductions in this budget.

"For example, we have reduced State travel, leasing costs, and office supply budgets. They are included in this budget because they are rational reductions that we have found. Unfortunately, much of their plan is also irrational and misleading.

"On the topic of attrition, I ask the Minority to please review their figures. As we have repeatedly stated, through figures from DHRD and with supplemental information from the Director of Finance, the number of people who leave State government every year is well below the 4,000 level. In addition, their dollar amount is approximately \$135 million. I again ask them to revisit their figures.

"In addition, the Minority's plan calls for outside hires when teachers leave their posts. If there is one department that I do not mind adding positions to, it would be the DOE. By giving teachers permanent positions, we can ensure that our educational system retains intelligent, qualified individuals who care about our children and our future.

"Mr. Speaker and members, on the topic of privatizing collections, I ask the Minority to analyze their proposal more carefully. On the average, it costs the State approximately 35 percent of the collected amount. For example, in 1995, the Attorney General's office collected \$3.6 million. Privatizing this effort would cost the State approximately \$1.3 million. Compare this to the general fund cost of just \$600,000 per year that we currently spend on the Attorney General's collections unit. Mr. Speaker and members of this House, I ask you, could you imagine how much more revenue we would lose if we were to privatize our tax collections?"

At this point, Representative Goodenow yielded his time to Representative Say.

Representative Say thanked the Chair and continued, stating:

"On the topic of consolidating annual reports for a savings of \$1.5 million, evacuating the Hemmeter Center for a savings of \$2 million, and reducing State travel for a savings of \$5 million again, I ask them to verify their facts and figures. In fiscal year 1999, our departments will be spending less than \$100,000 on annual reports. Of these reports, seven are statutorily required -- where this Committee on Finance did not see any measures to repeal those statutes.

"In regards to the Hemmeter Center, it would be useless to vacate the building because we have no additional State-owned office space to move into. In addition, relocation, which the members of the Finance Committee realized would cost over \$2 million, and it would also mean a breach of contract with the property owner.

"Finally, Mr. Speaker, if we were to reduce State travel, how will our students attend their excursions? How will our low-income children on the Neighbor Islands travel to Oahu for their much needed medical attention? How would our Attorney General attend court administrative hearings and depositions with witnesses and experts?

"The list of misleading information goes on, Mr. Speaker. That's why I urge my Republican colleagues to continue doing their yeoman's work, but not at the expense of playing games with the public. Their

proposals are ill-advised and contain little background research."

Representative Whalen then rose and stated:

"With all due deference, there's a point of order called for here."

The Chair responded: "Chairman, will you please proceed without identifying the party."

Representative Say continued, stating:

"Finally, one point, Mr. Speaker, it is recurrent in every opposing diatribe that cannot be ignored. The Party insists on incorrectly stating that government spending has not been cut. I ask them again, stop playing deceptive games with the public. Since 1993, the health budget has shrunk by 12 percent, our culture and arts and recreation budget by over 50 percent, our Labor Department budget by over 43 percent, and our environmental budget by 17 percent. The proof is in the numbers. I don't mind, Mr. Speaker and members, combing through this budget line by line, item by item.

"Mr. Speaker, let me close by saying that this is a sound and balanced budget. For many who may argue against it, few can deny that it is responsive to both community concerns and public needs. A \$62 million reduction in fiscal year 1998 and \$166 million in 1999, and the suspension, Mr. Speaker and members, of \$70 million in new collective bargaining agreements are a first step in creating a comprehensive fiscal framework. For all the members here, collective bargaining is not part of this bill. It has to be addressed in separate collective bargaining measures.

"Unfortunately, what many don't realize, Mr. Speaker, is that this budget is part and parcel of a larger plan. Therefore, while this measure is large, it is large only in size. Members should remember that while it's easy to criticize the components of this plan, when viewed holistically it is hard to deny that this House will undoubtedly be passing legislation that is responsible and balanced as well as responsive to the people's needs.

"Mr. Speaker, we all left last session knowing that something must be done to reassure power and economic structure -- not for today, but for the future. This is why I want to thank you, President Mizuguchi, and the Governor for gathering the best and brightest of Hawaii's minds in convening the Economic Revitalization Task Force. I applaud the Task Force for setting the groundwork for the proposals that we've been debating this session. The measures that we've passed are part of the overall plan that it will bring, in excess of \$568 million in savings to every segment of our population.

"Mr. Speaker, furthermore, I'm dedicated to putting all of our measures into motion to ensure that this economy exceeds its previous glory. Once again I thank the members of the Finance Committee; Vice Chair Kawakami; Representative Chang; Subcommittee Chair, CIP, Representative Nakasone; Representative Kanoho who is the Subcommittee Chair on the Purchase of Service Grants-in-Aid; Representative Ito; Subcommittee Chair Representative Suzuki, on taxation; Representative Kahikina, Representative Abinsay, Representative Hamakawa, Representative Goodenow, Representative White, and Representative Lei Ahu Isa for their support. Also, Representative Marumoto, Representative Ward, Representative Meyer, and Representative Fox in our discussions and debate.

"In closing, let me state an age-old adage that fits this measure. Members, I ask you to 'look at the forest and

not the trees.' And I ask all of you for your support on House Bill 2500, House Draft 1. Thank you."

Representative Kawakami then rose to speak in support of the measure, stating:

"Before I begin, I wish to state that as Vice Chair of Finance, I can earnestly state that Chairman Say occupies the most stressful position in this House. He should be supported for the stance he has taken for a responsible State budget, and I commend him for the decisions and sacrifices he has had to make.

"Mr. Speaker, how soon we forget about the debates concerning our State budget over the past several years. Today will be no different as we will hear the same refrain echoed throughout this floor session.

"Let me reflect on these few past years and recollect for you the tough times then, but by far, in no comparison to the budget we struggle with today. In 1955, we had a \$250 million biennium shortfall, and I can recall Chairman Say stating on the floor of this House, and I quote, 'I was taken aback at the overwhelming pleas to restore the cuts we had made. After being criticized for trying to raise revenues to cover the State's increasing operational costs, I thought I got a loud and clear directive from the members and the public to reduce the size of government.' I know it was clear to him that no one was willing to 'bite the bullet.' Does this sound familiar?

"In 1955, the biggest growth in general fund appropriations was in the mandatory payments for AFDC..."

Representative McDermott then rose on a point of order, stating:

"I don't think Chairman Say was a member of this body in 1955."

The Chair responded: "1955? I believe she meant 1995."

Representative Kawakami then continued, stating:

"...the State Hospital consent decree, the mental health consent decree, retirement and health fund programs and the debt service. That fiscal year's cut was \$140 million and 866 positions. We abolished nine government offices and initiated lump-sum budgeting for general assistance. DOE was allocated additional teacher positions and the University of Hawaii was granted some budget autonomy as well as the community hospitals to promote efficiency.

"Today this budget reflects another group of government agencies and programs which will be wiped out. The public is clamoring to keep class size from increasing, while the U.H. faces pressure to once again raise tuition. And what about our community hospitals?

"The floor debate of the 1996 session was no different as the same issues and concerns were repeated and re-enforced. Another \$170 million and 880 positions cut and we even abolished the Office of State Planning. Remember that?

"And last year, Chairman Say stated that the budget would maintain all the fundamental education services while chopping. . .we had to chop \$291 million from the Governor's biennium request. General Assistance and community hospitals were in jeopardy.

"So Mr. Speaker and colleagues, we hear the same refrain today: 'this budget doesn't fit the economic times

that we are in.' Your Finance Chairman and Committee has proposed a payroll lag, a delay in financial obligations by not funding collective bargaining pay raises, and a procurement code to streamline services and maintain integrity by shopping wisely. We have proposed measures to stimulate the economy. Unlike businesses which have to answer to shareholders, State government has to answer to everyone -- taxpayers, voters, resident aliens, children, and I say, even pets.

"I believe we are doing what is required of the economic situation at hand. I still regard education as my top priority and I believe everyone else does as well, even though I regretfully accept the loss of funding for some worthy programs such as the needed expansion of the Hawaiian Language Immersion Program, the Peer Education Program, and the reductions in the health and human services area.

"We will continue to see eroding of the base of the funding for education as the Felix consent decree peaks and new sub-programs are embedded in that DOE budget. I also see the need to keep our community hospitals viable as they will play an important part in the life of rural communities as we move to Medicaid Waiver Community-Based Services for our elderly, developmentally disabled, and our mental retardation clients.

At this point, Representative Nakasone yielded his time to Representative Kawakami.

Representative Kawakami thanked the Chair and continued, stating:

"Mr. Speaker, last year I used an analogy of a pie plate filled with many slices to represent the State budget. This year I would say that, given our economic situation, the budget pie before us fits the best way we feel it should be. Even though we are being bombarded with additional slices and more ingredients -- education, social services and health, our retirement system, fixed costs in health benefits and payroll, the debt service and the UH system occupy the biggest slices -- major cuts in these areas would result in dramatic reductions in State expenditures. Who among us would want to advocate such a drastic proposal?

"Mr. Speaker and members, reality dictates that this budget pie be at least palatable to the widest segment of our population. It may not be the tastiest, but at least it will help all to survive. In numbers for the budget pie of 1995-96, we appropriated \$3.1 billion in general funds alone. For the upcoming 1998-99 fiscal year, general fund expenditures total some \$2.9 billion, a more than \$200 million reduction, and the pleas for help keep increasing.

"I end here, Mr. Speaker. I conclude with my aloha to the Chairman for his astute leadership of the Finance Committee in crafting our budget and in educating all of us about the realities of the budget process. To the staff, the analysts, the researchers, and the office staff, I take this means to say 'mahalo' to all of you, and the Finance Committee and the Chairman for a job well done.

"Thank you very much, Mr. Speaker."

Representative Fox then rose to speak in support of the measure with reservations, stating:

"Mr. Speaker, all of us who serve on Finance truly appreciate what a responsible, professional, and hard working leader we have in the Finance Chair. Mr. Speaker, he's also an educator, as many of us in this body know from first-hand experience. He's a patient

teacher. I feel like I'm learning more and more each year. I still have a long way to go, and the analogy that the Finance Chair used -- 'more blind than seeing' -- when it comes to this process to fully understanding the budget.

"I and other members of the Finance Committee also share the appreciation mentioned by the Chair and the Vice Chair for the wonderful staff of the Finance Committee, led by a true professional, the best one we could have in both houses, Kevin Kuroda and his staff. It really is an outstanding group.

"I would like to talk about three points this morning: that government is too large for the economy that supports it; that cutting taxes leads to growth; and that we can pay for a tax cut.

"Mr. Speaker, the budget that we have before us cuts \$120 million in the general fund off the figure that was given to us last year in the budget. We need to go another \$120 million more to do the job of providing the people of Hawaii a tax cut without a corresponding excise tax increase.

"Now I said that government is too large for the economy that supports it. I'd like to try to describe this in three ways. If we take the portion of the government that we have in relation to the total wealth of the State, that is to the gross state product of this State, that figure was 14 percent in 1986 when Governor Ariyoshi left office. That figure was 18 percent in 1994 when Governor Waihee left office. It is currently, in the budget that's before us, 16.5 percent. If we could take that 16.5 percent down to 16 percent, we would save \$180 million. That would put government more in proportion to what's happening to the economy outside it.

"Let's look at it another way. The rise in population and inflation over the last ten years -- this was an approach used by the Director of Finance when they appeared before the Finance Committee. In those terms, the budget that we have in 1998-99 that's before us today, is \$330 million larger than where we would be if we tracked the growth of population and growth of inflation over that period.

"Let's look at it yet another way. The increase in the State work force in relation to the total number of people who are working in Hawaii. In 1986, the State work force, according to DHRD figures, made up 7.6 percent of the total workers in Hawaii. In 1991, that had dropped slightly to 7.4 percent because the work force had grown 100,000 in that period. In 1997, that percentage stands at 8 percent. If we could come back down from 8 percent to 7.5 percent, where we were historically in 1986 and 1991, that would be \$118 million. So reductions of \$118 million to \$330 million are in order if we want to bring the size of government into line with where the rest of the economy stays.

"Second, I wanted to talk about cutting taxes as a way to get growth. I would like members, Mr. Speaker, of this legislative body to look hard at the experience that we have on the mainland in terms of what states can do to increase revenue by cutting taxes. The recommendation that we are putting before you, which would be to reduce the budget by another \$120 million, would result in an overall general fund tax cut of 7.7 percent. New York, over the last three years, has cut taxes on average of 12 percent. Michigan, 7.6 percent for three years. Arizona, 6.4 percent for four years. New Jersey, 5.7 percent for two years. I'm talking about a cut of 7.7 percent falls right in that range, which is a total of 13 years of major tax cuts by these states. Our rate is very comparable.

"Now what happened in each one of these cases the next year, the very next year after the tax cut was indicated, in every one of these states, Mr. Speaker, revenue went up. It went up the very next year. Surpluses went up the very next year, and these were very major increases. In Michigan, every year for three years, the revenue went up \$2.6 billion. In New York, revenue went up \$1.2 billion every year for three years. In Massachusetts, \$850 million every year for three years. In Arizona, \$450 million. An increase every year after a cut. Cut, increase, cut, increase, cut, increase, cut increase, fifteen times."

At this point, Representative Aiona yielded his time to Representative Fox.

Representative Fox continued, stating:

"What's happened on the mainland can be done in Hawaii. We can improve our economy. We can turn it around in one year by instituting a really meaningful tax cut.

"Now, third, Mr. Speaker, how can we pay for the tax cut? I really appreciate that the Chair of Finance has come back directly on some of our suggestions, adopted some of them, offered further dialog on others. Let's work together to make meaningful cuts along the lines he suggested. We recommended \$40 million off our sheet, he's commented on some of them. Let's look and see how much of that we can do, how much has been done.

"In addition, I'd like to propose some other cuts. The Finance Committee, on the budget you have before you, recommends a \$23.4 million cut in the Department of Transportation. That's a 5 percent cut. We can double that cut. As the newspaper pointed out two days ago, the audit has turned out a serious misuse of resources that the Transportation Department has in terms of its stability to invest money and get return. We can cut more there.

"We can cut \$24 million more by eliminating all the vacant positions that were put before us in December with the exception of the University of Hawaii and teachers. And we can get \$3 million by eliminating absolutely duplicative programs, and that is the Land Use Commission which duplicates the functions of the counties. The Civil Rights Commission which duplicates federal functions, and HIOSH which duplicates the functions of OSHA. All together, that's \$90 million in cuts. We now only need another \$30 million. We can get that by leaving only 625 positions vacant as they become vacant over the next year. It can be done.

"We can reduce this budget another \$120 million. We can bring our budget in line with the economy that supports it. We can have tax cuts that give us hope immediately of a return in the next year to pay for the needs of Hawaii.

"Thank you very much, Mr. Speaker."

Representative Tom then rose to speak in support of the measure, stating:

"Mr. Speaker, once again my friend, my very dear friend and colleague, Chairman Say, his staff and the members of the Finance Committee have produced their yearly miracle. In the face of declining revenues, they have crafted a budget which is fiscally responsible. The House Finance Committee has never given in to wishful thinking or sought to hide the painful reality of our budget crisis from the public. They've made the hard choices, Mr. Speaker, and made them very honestly.

"But I felt compelled to speak today on the budget because, and I don't normally do this, there's been little public discussion of one aspect -- the proposed elimination of funding for the Commission on Persons with Disabilities. This Commission has been with us for 21 years, Mr. Speaker, formed long before the Americans with Disabilities Act was approved by Congress. Hawaii was the nation's leader in declaring the right of the disabled to lead full and productive lives without artificial barriers being placed in their path.

"Now, if funding to the Commission is eliminated, we will be the only State, and I repeat, the only State without a Commission on Disabilities or a comparable office. The Commission acts as our insurance policy against lawsuits for violating both federal and state laws concerning the rights of the disabled. It reviews requests for accommodations for disabled employees. It trains State managers on how to provide accommodations for employees in accordance with federal law. But its most important function, Mr. Speaker, is to review blueprints for errors in designs which could lead to lawsuits against the State under the Americans with Disabilities Act. The Commission reviews an average of 900 to 1,000 blueprints a year and catches and corrects errors in approximately half of them. That's 500 potential lawsuits a year which the State avoids because of this watchdog agency.

"Mr. Speaker, beyond economics, the proposed elimination of the Commission's budget is painful to me on a personal note. I've been blind all my life. Therefore, I have a special understanding of the frustrations and problems facing disabled people each and every day. You know, I'm one of the lucky ones. Blessed with parents who provided me with the love and education I needed. Blessed with a wife and family who are willing to make the sacrifices necessary for me to live my life to the fullest. Blessed by being surrounded by my friends and my colleagues here -- all of you that I can't see, but I feel in many ways -- the Legislature.

"You've treated me like everyone else, and I don't complain for myself. I don't demand that the Legislature or the State provide me with everything required by federal law. But other disabled persons are not so fortunate. They must walk or wheel down the sidewalks alone. They must navigate life by themselves down a course that is strewn with obstacles that block them at every turn. Many suffer from levels of disability that makes my problem seem small by comparison. The proposal to take away from them the only State agency which ensures that the State complies with the laws that were designed to protect them is too much for me to bear in silence, Mr. Speaker.

"As this budget moves to the Senate, it is my fervent hope and prayer that we can find some alternative which will restore these funds so that we can fulfill our promises to those who are most deserving of our help and our assistance.

"Again, Chairman Say, I cannot even begin to express our friendship and hard work you've done. Thank you."

Representative Ito then rose to speak in strong support of the measure, stating:

"I would like to first thank Chairman Say, Vice-Chair Kawakami and also the Finance staff for all their hard work and long hours of putting this budget together. It was a privilege working with all of them.

"As a member of the Finance Committee, I knew we were facing some tough times and as a result, the Committee was left with the responsibility of making some

very difficult choices. Choices that will have a major impact in the lives of Hawaii's residents and children.

"Many of the cuts are unpopular and hard to swallow for the many who are used to such various programs, but if we are to reduce the size of government and balance the budget, we need to really think about what is essential and what we can do without.

"Mr. Speaker, the Finance Committee reviewed a lot of very good educational programs -- programs that have been positive alternatives for many of our students. However, the decision was based on whether the program was core or non-core in function. As a result, we have eliminated some very worthy programs and reduced funds for various school services. Although the Committee has to look for more reductions, we are going to continue to review the impact of the present cuts and make adjustments in conference.

"We did, however, increase appropriations for equipment and books for new schools and libraries, as well as add \$6.3 million for special education teacher positions, assistants, and operational expenses for special education which enables the State to satisfy the Felix consent decree.

"The Chair and the Committee felt strongly against several items the DOE proposed. One of those was an increase in the class ratio of kindergarten to second grade. Mr. Speaker, the Committee did not agree with the DOE. Increasing the class ratio would have been a mistake. Studies after studies have shown that children this age need specialized attention to ensure that mental and emotional development are nurtured properly.

"As a former educator in Hawaii's public school system, it was really important for me that the basic premise of an education remain intact throughout this process. This budget exhibits a continued commitment by this body to preserve school operations without affecting the teachers and students.

"Mr. Speaker, the budget before us reflects a comprehensive and responsible attempt to correcting and jump-starting our lagging economy. This budget is the result of months and months of intensive study. This past summer, the Finance Committee held public hearings on the Neighbor Islands, consulted with community leaders and professionals from various economic sectors, and held many informational briefings to get an idea of where our proposals stood with the people of Hawaii. The Committee then integrated and synthesized their ideas and recommendations into what we see in front of us today.

"I urge everyone to support this measure. Thank you."

Representative Kawanakoa then rose to speak in support of the measure with reservations, stating:

"Last Tuesday, we all discussed the very heated measure with regard to tax increases, and I shared some newspaper articles, front page headline statistics, about businesses losing jobs in the private sector. Today I wanted to caveat my support for this measure because in every year that I've been here at the Legislature, I voted 'no' on the budget because the budget has been increasing every year I've been here at the Legislature.

"I look back to my, I guess, legislative newsletters that I send out at the end of the year each year and in 1995 here I am, 'freshman Kawanakoa votes no. How can we justify expanding government by 12 percent when our forecast for economic growth is only 1.9 percent? We need to cut government, live within our resources so we can make paradise affordable again.'

"Mr. Speaker, I jump all the way up to 1997 where I voted 'no' again because government has really increased its spending every year. I know these are difficult times. And I'm voting with reservations because we're moving in the right direction. While this year the total overall spending is still greater by 2.7 percent, our operating expenses are down 1.8 percent. It's very commendable. I commend the Chair of the Finance Committee for making these tough decisions up to this point.

"We all agree here, it seems, that we have to reduce the cost of government. Everyone of us seems to agree that we need to reduce the cost of government. The tough questions are: Where are we going to reduce? And how are we going to reduce? I think that's what we're all grappling with -- where and how? Well, you know, on Tuesday we gave some examples that the Chairman from the Finance Committee all rebutted today and said some of them weren't as full as we thought they were or could be. Not that I'm conceding those points, but I understand that reasonable minds could differ.

"I will note also that we actually tried to codify this. Representative Ward submitted an amendment that laid out those suggestions. But the point is, examples are merely examples. We need to do another thing. It's another thing to set good policy. And in order to set good policy, you have to have good information and you need to have good skills to use that information. Good information is critical. And the questions: Where are the costs? Where are the expenses in government? are obvious.

"Ninety percent of our operating budget and 90 percent of the people employed by government fall into seven various governmental areas: Department of Education, Department of Human Services, Department of Health, University of Hawaii, Public Safety, Transportation, and another area that we've grouped together -- Budget and Finance; DAGS which is Department of Accounting and General Services; and DHRD, Department of Human Resources and Development. We are looking at these three statements and completing the seven areas of government so we all know where the costs are. Ninety percent, again, of our costs are couched in these seven program areas or these seven governmental areas.

"The how, Mr. Speaker, is more difficult and much more problematic. And while it is difficult, we can find out how to reduce cost. Imagine, Mr. Speaker, if we form teams, let's go ahead and call them diamond teams, made up of CEO and business leaders dedicated to helping our seven governmental areas to find ways in which to achieve excellence and reduce costs. Reduce costs because we have limited resources.

"Mr. Speaker, we're asking for smaller government and a better government. Two important words, smaller and better. Not smaller and weaker. We want smaller and better government, Mr. Speaker. I point to these, perhaps, seven diamond teams made up of business leaders, community leaders, CEOs, so they can come into each one of these departmental areas or governmental areas and come up with suggestions on how to reduce the cost, how to manage better to get more out of the resources that we have.

"Now, imagine these folks have been doing this for seven years in the private sector, as I illustrated with a downsizing across the board in the private sector, even the Catholic Diocese of Honolulu. Mr. Speaker, it can be done and these business leaders have the skills and the knowledge and the management understanding to reduce costs. I ask, why should we simply look at the budget from a perspective of a few that happen to be here with

us today, when there's an entire community out there willing to help?

"Many of these CEOs have told me personally that they would come and find ways to make government more efficient and still provide the same quality of services, and they would come here and offer their expertise for free. Why aren't we using their understandings, their proven track record in the private sector? So if we're going to bring in these CEOs and business leaders, we had better do it now."

At this point, Representative Whalen yielded his time to Representative Kawanakoa.

Representative Kawanakoa continued, stating:

"I'm voting with reservations because I have hope that there's still time. There's two months left for us to take the corrective measures that we need to turn this economy around. If we can contact these business leaders, these CEOs, and have them come forward, come to the Legislature, come to the departments and work with us to reduce costs and keep the same quality of service, for human services, for health, for the core functions of government, government will be successful. We will be successful in our efforts.

"These actions are necessary now, not in three years, not in two years, not in one year. We need them now because our families are hurting. Our businesses are shutting down. People are moving away from our islands. Our economy is in a tailspin.

"You know, how appropriate when Pastor Wayne Cordeiro came with his remarks today. Mr. Speaker, I wrote down some of the things he said. He was talking about motorcycle riding and coming into a difficult turn, coming into a difficult corner. He said: 'Look out of the curve or you'll go right into the fence. If you spin, look away, don't focus on the wall. Look out of the turn and, by God, you will come out of a bad turn or spin by some force or the desire by the sheer will to make it happen. You will come out of that bad turn or bad spin.'

"Mr. Speaker, if we do this, if we look out of the turn, Hawaii will come out of this bad economy. Mr. Speaker, I submit that we can do it. Thank you, Mr. Speaker."

Representative M. Oshiro then rose to speak in support of the measure, stating:

"Mr. Speaker, this is a fiscally responsible bill. It's a fiscally responsible plan. It's responsible to our citizens as well as responsible to our economy. But most important, Mr. Speaker, it's based upon sound decisions and the product of open and vigorous debate, both within the Committee and without.

"The people of Hawaii, through its elected officials, have charged us to come forward and deliberate and study on this very important matter of the budget. They've asked us for reductions in the size of government. This bill addresses that request by the people of Hawaii. But the reductions that we have had to make have come with a price. And make no mistake about it, Mr. Speaker, the reductions will be painful to some and some of our own constituency.

"This bill would eliminate people's jobs. This bill would people's opportunities for jobs. This bill eliminates unnecessary operating expenses. All people in Hawaii will be affected by this budget bill. Those who are employed, those who may seek government employment, those in the private sector, those in the non-profit sector will be affected by this budget. You can read the

Committee Report for the listing of the entire programs that were either consolidated or eliminated: SHPDA, Preventive Health Service, Nutrition Program, Agri-Business Development Corporation, Hi-tech Development Corporation, and the Commission on Persons with Disabilities. These are just to name a few. They are all outlined in the Committee Report.

"Members, we can argue till we're blue in the face about whether these cuts were enough or were they in the right areas. And there'll be philosophical differences expressed, I believe. But this bill, and you look at the facts, reduces the size of our government. And yes, in the matter of attrition regarding some of the Minority's ideas to balance the budget and the size of government, they claimed earlier that 3,000 people should leave State employment and that 3,000 do each year, and that we can save money by not re-hiring these people.

"When you ask them how they got their numbers, the devil is the details."

At this point, Representative Whalen rose on a point of order, asking:

"Is this regarding the bill or some other matter outside the bill?"

The Chair reminded Representative M. Oshiro to "please confine yourself to the bill."

Representative Kawanakoa then responded:

"Mr. Speaker, I feel compelled to note that we said that 4,000 people leave government..."

The Chair then called Representative Kawanakoa "out of order" and asked Representative M. Oshiro to "please proceed."

Representative M. Oshiro continued, stating:

"I stand corrected, Mr. Speaker, I thought it was 3,000 which is a more reasonable, defensible number, but the Minority Leader did correct me this morning, that they were pronouncing a 4,000 position.

"The point I wanted to make, Mr. Speaker, on this matter and I'll get on, is that, let's look at the numbers. And I'd ask our community and those who are listening in to our discussions, to look at the numbers, look at the facts, and from there make a decision.

"As I move on, Mr. Speaker, let me just also address the issue of re-hiring. We have to hire people in the areas of education. That's a necessity. Those are basic core services. We have new schools coming on-line in many of our communities. Some of the communities that the Minority also represent. There are needs out in Kapolei where the new Second City is being developed. Those will require State positions, services for those people. Should we say 'no' to those positions and employment for those people?

"There is a price to be paid for our decisions and the consequences of our actions because come July 1, some people's employment status and their lives will be drastically affected by our decisions. So did the Committee cut enough, Mr. Speaker? Given what I've learned this morning, it seems so. I only pray that we will not have to cut anymore.

"In crafting the budget, there are many aspects to consider. You cannot simply cut and leave existing programs crippled to the point of ineffectiveness. Would it be responsible if we were unable to provide travel

expenses for our Child Protective Services who go out into the rural communities or go to the Neighbor Islands to see how our children are doing? Would it be responsible if we failed to provide access to government services for our outlying communities in the rural areas on the Neighbor Islands, on Kauai, on Maui?

"The fact is we have an obligation to maintain many of these services, and they must be maintained effectively. This bill also allows State government to continue to be responsive to the needs of the people. For example, our constituency -- our people -- desire to be safe in their homes and in their neighborhoods. This bill responds to that. We appropriate \$5.4 million to send 300 inmates to out of state correctional facilities. This ties into the strong, 'get tough on crime' measures -- truth-in-sentencing types of measures, mandatory sentencing guidelines. These are all a product of our actions.

"And for those in need, Mr. Speaker, this bill also appropriates \$18.9 million for Temporary Assistance to Needy Families Program, our most neediest in our society. This bill also appropriates \$52.6 million for the Temporary Assistance to Other Needy Families. That's called TAONF, and this is to assist two parents and non-citizen households who are eligible. Those are our legal immigrants living in our society.

"We will also provide \$24.8 million for our General Assistance programs for those who don't qualify for the Federal Social Security program. Again, in the area of health, this bill funds our obligations under the Felix consent decree. But we have not forgotten about the health and safety of our outlying communities, the State Hospital system which provides the most basic, essential, acute care services and long-term care facilities for our Neighbor Island people. We even haven't forgotten about the people in Hana, to take care of their needs -- the Hana Community Health Facility out there.

"I think the point to remember, Mr. Speaker, is that this budget is tied into an operating plan. It cannot fix Hawaii's economy in one swoop, but to hold any budget, or this budget, to that standard would be unfair and unrealistic. The policy of your House has been to exhibit leadership and provide directions with realistic solutions. Take a good look at this plan, members, and understand it. It is fiscally sound. It provides for the continued welfare of our State and communities. It does not place politics over people. Thank you, Mr. Speaker."

Representative Arakaki then rose to speak in support of the measure with reservations, stating:

"I sincerely appreciate the challenge that our Finance Chair, his staff, and the Committee members face. I also realize the constitutional obligations that we have as legislators to produce a balanced budget. I can appreciate, and I thank the Finance Chair for the agonizing decisions he makes in our behalf, trying to deal with a different interest and needs that are brought to the table.

"The Finance Chair gave us the bleak prospects we face, which show a continued loss of revenues, an inability to maintain services and programs to those in need. From what I understand, the guiding principles for funding and for reductions are health and safety. Now for those who constantly request and promote the downsizing of government, they say we should only fund and provide core services. So I ask: what are these core services?

"My belief is that they are identified in the State Constitution, and I have a copy right here if anybody wants to look at it. These would be, as I mentioned the

other evening, public health, care of the handicapped persons, to provide financial assistance, medical assistance, and social services for persons in need. It also provides for security for the elderly, public housing, preservation of healthful environments, public safety, to preserve and develop cultural resources and, of course, for public education.

"And as I asked that evening, and I will ask again: can anyone here explain why the funding of the Miss Universe Pageant is a core function of government? Please don't talk about 'trickle down' economics because those economic theories only result and keep at the bottom those being trickled on.

"Perhaps you can justify the funding as saying that the presence of these beautiful women will help to enhance Hawaii's environment. But it just galls me to think that we're paying for the privilege of having these women tramping around, flaunting banal qualities while our pregnant women at risk are being denied. Our women who are at risk of domestic and sexual abuse are being denied. Our single parent women are being denied. Our legal immigrant women are denied. And our frail elderly women are denied. It is really ironic that on one hand we can find monies to celebrate the beauty of women. But on the other hand, we can do away with the Commission on the Status of Women. So I ask, what are the State's core functions?

"Why is it that our General Assistance program continues to be a target for reduction? Is it truly a bottom line safety net or luxury that the State cannot afford because it requires general funds? We have seen monthly allocations for General Assistance, which is a program of temporary assistance for the disabled, from \$500 plus go down to \$340 a month. How many of us can live on \$340 a month which, for many, includes the cost of housing?. So the \$1.5 million reduction in this budget may result in a smaller allocation. And those who use the General Assistance funds primarily for housing will be forced to chose between either food or shelter.

"Do I propose 15 percent cuts in the purchase of services that may spell doom for some of the programs that depend on State subsidy to operate? And just as the economic downturn has greater impact on small businesses, so too will these reductions, albeit small, have on smaller programs and agencies. The fact that these are contracted services should not diminish their impact on health and safety issues.

"Mr. Speaker and colleagues, I know many of you will brush off these comments as just another spouting of bleeding heart rhetoric, and it truly bothers me that only a few of you, including both Minority and Majority, have asked about the implications of these reductions and the social policy we create to the budget. But these cuts have become so critical that I voted to support the general excise tax increase in hopes that it would stop the bleeding.

"As my colleague on the right so often cites the account of how coal miners would release sparrows into the mine shafts as an indicator of danger ahead, well even if it's unsolicited, Mr. Speaker, I think your Health Chair and Human Services Chair can tell you, we are just trying to see dead sparrows. The impact of the budget cuts may not be apparent, but believe me we will pay. These sparrows or indicators include: people dying because they can't afford health care or insurance, the increasing rates of teen suicide and attempted suicide, rates of serious child abuse and neglect, increases in homeless families with children, including those who are employed, as well as increases in domestic abuse, substance and alcohol abuse.

"Now we need to realize that unless we take steps to intervene, these problems all end up as crime problems and the need for more institutional care. Mr. Speaker, several years ago during a presidential election campaign, we heard, 'it's the economy, stupid.' Well, it's not just the economy, it's about people. It's about how we are going to bring the people of Hawaii through this crisis without leaving the least among us behind. It's about restoring the faith and our sense of community to pull together and help each other so that we can all live in dignity.

"Many of us have seen the movie, Titanic. I'm sure most of us were outraged that the wealthy were taken care of first. Now I always thought taking care of women, children, and the disabled first was our moral compass."

At this point, Representative Takai yielded his time to Representative Arakaki.

Representative Arakaki thanked the Chair and continued, stating:

"So I ask where is the moral compass for our ship of states? It's not just the economy. It is also about our children and the vision and hope we provide for their future. For those of us who are of immigrant roots, we all know that term, 'kodomona tami ni' -- for the sake of our children. That was the compass for our immigrant ancestors to help them through their difficult economic times. And I ask: do we still have that compass?

"As Pastor Cordeiro said: 'Let's look beyond the curve.' Let's make the human investments and make them be just as important or even more important than our economic investments. And let us sail towards the future through these troubled waters with our compasses firmly in place.

"Thank you, Mr. Speaker."

Representative Santiago then rose to speak in support of the measure with reservations, stating:

"I appreciate you allowing me to follow Representative Arakaki. I had asked him earlier if it would be okay to use his words because I already knew that I'd request that they be inserted into the Journal as if they were my own." The Chair "so ordered." (By reference only).

Representative Santiago continued, stating:

"Mr. Speaker, I'd like to also just echo a few other things. First of all, to the Chair of Finance, I've probably the most respect for the Chair of Finance of any individual on the floor here this evening, or this morning, or this afternoon, or however long we've been here.

"I feel the Chair has been fair and he has always attempted to be fair. I vote for this measure with some reservations. My reservations is the difficulty that I have, that I perhaps have not been as effective in communicating the concerns that the Human Services Chair raised today.

"The long-term effects that we are about to see happen as a result of these cuts will be unprecedented in this State. When we talk about the cuts, I read in this morning's editorial about the fact that we still don't get it and we need to make more vertical cuts, I looked at my department and I said: seven vertical cuts in my department, seven programs gone. I shouldn't say my department, Department of Health, at least the program that I oversee.

"I heard the words of Representative Tom regarding the Commission on Persons with Disabilities, and I remember having a request from the Chair of Finance as to what input I could give him in terms of what I wanted to protect. I remember once, my mom talked totally about a difficult decision anybody would ever have to face in trying to choose between their children. I really felt that. I felt like, how can I choose one over the other when I looked at what was about to be cut. I could not provide him with that input, and I said: 'I'm going to disagree with the cuts that are being made. I will voice my concerns throughout this session.'

"I believe that all of the losses that we're about to incur forces me to also look over and say to those who have opposed and who have come up with other suggestions, I do recall, I do not mean this in a negative way. I recall someone saying earlier on this session: 'If you don't have the answers, then get out of the way.'

"Well, I don't feel I can get out of the way, but I do offer instead to walk with those arm in arm, together, because as the difficult times we face, it's going to require all of us working together -- nobody leading, nobody following. I don't think anybody has a magic bullet to decide what's going to be the answer. But maybe if we can rise above our egos and maybe all of the other things that sometimes get in the way when we become human, maybe if we can rise above some of that stuff and lock arms and say, let's walk together down this path because it's a tough road. The people deserve it. The people expect that out of us, and that's true leadership, Mr. Speaker. I thank you for giving me that latitude."

Representative Marumoto then rose to speak in support of the measure with reservations, stating:

"Before I start, I've got to acknowledge the kind Chairman of Finance who put in a lot of hours, long hours, and tears and grief over this budget. I commend his staff who are very dedicated. They've put in many, many long hours. I especially commend the senior staff who have a great depth and breadth of knowledge and experience.

"However, the budget before us as it came down from the executive, in my opinion, was not clearly articulated. The underlying philosophy was not very clear. And I think that is why the leaders of the Legislature are now scrambling around for a quick fix here and a desperate measure there. There has been a lot of desperation in the entire process, and the Senate has come up with some, what I consider, 'meet axe' proposals. The House has a much more measured, balanced proposal.

"But what is not answered in all this frantic activity is the question brought forth by the Chairman of Human Services, Representative Arakaki. What is our core function? What is not our core function? We know where the cuts are made, but we don't know why some of the cuts are made. If some of these mandated services are in our Constitution, if they are in our statutes, why are they not provided in full, and why are they cut so viciously? The Executive Branch made some very severe restrictions and this really distresses me and several members of the Minority.

"Right now there's a simplistic approach to balancing the budget, as if the leadership has said, there's only one finite pie for the whole state to divide. Everybody will have to take smaller slices, but it's up to us to see whether the ingredients are really necessary to make a good basic pie. It's up to us to discover whether lilikoi is a right baseline flavor for the pie. We must find out whether some people merit less or more of the pie, and

how to arrive at a fair allocation not just an equal allocation.

"We all know that the economy is poor, and there is less to go around, but where are the creative solutions in this overhaul of current fiscal practices? Why aren't we changing the basic nature of budgeting and governing? We need new insights, new ideas, new hope. We need new insights in government.

"Your Minority would like to propose a different approach. The Minority Leader has spoken of diamond teams consisting of CEOs who might be able to determine how much each department should spend and better management practices. Within those parameters, I'd like to suggest other teams that can go into the different departments and determine how to better reallocate the money. We might ask for volunteers from the Aloha United Way, from the Hawaii Community Foundation, the Hawaii Community Service Council, perhaps the Business Roundtable to get together to form teams. And for the purposes of our discussion, our Caucus said, why don't we call them Heart Teams because when they were mentioned, we thought of heart because we really want to, we feel very strongly about these services that come from the heart.

"But you take the DOE, for instance, it's one department that could be examined. They spend \$900 million a year. The Department of Health, for a second: its budget is over \$600 million a year. Human Services is \$1.1 billion a year. This is over \$2.5 billion a year. Within those amounts, can these teams go into each department, can they reallocate, can they restructure, can they reprogram so that we can provide better services?

"We'd like to ask them to reallocate the money that the Legislature has appropriated within those departments in the most efficient manner possible with the least dislocation, but with core services in mind. We really don't want to fire anybody. We have advocated attrition. We'd like to move the workers around within the confines of our present civil service laws, but we will need a lot of flexibility in working with all parties concerned to bring this about.

"But the philosophy upon which these funds should be distributed and the changes made should be preventive services, performance on these services, and the payback to the people in the State. Of course, we all know that prevention is difficult to fund, but a stitch in time really will save us nine. Pre-natal Care pays us back in many ways as well as AID's Prevention, Zero to Three, and Healthy Start.

"We've got to look at the performance of these services. Are these programs effective? Do they work? Can we live without sexual assault services, peer education, youth groups or child protective service? Do we have to look at whether they should be provided by State workers or the private sector? Or look into the performance, who could do the best job the most efficiently and the most effectively. How could it be done better?

"We need these direct services. We need to fund these programs. We don't need 40 percent cuts where the rubber hits the road. It's obvious to me that teachers in K-2 cannot teach effectively with a 24 to 1 ratio. The result is clearly teacher overload and poorer education.

At this point, Representative Pendleton yielded his time to Representative Marumoto.

Representative Marumoto thanked the Chair and continued, stating:

"I'm very glad that the Finance Committee did not take the recommendation of the Board of Education to change the ratio to 24 to 1. That would have resulted in overlarge classes. And the Finance Committee will keep the ratio at 21 to 1. I certainly hope this position will hold the rest of the session. But we're looking at the payback to the community and what are the long-term benefits.

"The operative word is better. We want better government. If people are put to work in the most effective manner for the most valuable programs, the well-being of our public sector employees will improve. With greater efficiencies we can afford to support the best programs, pay our State workers what was agreed upon, and provide them adequate benefits rather than try and slash health benefits or slash their salaries.

"Hawaii will benefit with better programs what we all need in education, human services, and health because they are all close to our heart, these core services. Please, let's go with some Heart Teams. Thank you."

Representative Case then rose to speak in support of the measure with reservations, stating:

"I'm sitting in reservations row today, and therefore, rise in support with reservations. I think it's an indication of the difficulties of our time that I'm trying to get to the same place as my rowmates, but perhaps by a different path, and I wish to express my reservations slightly differently. In the interest of brevity, I do wish to incorporate my remarks of two days ago on the tax bill, by reference, as the themes are the same. (The Chair "so ordered.")

"In summary, this budget is painfully necessary. I support it, and I support the Finance Chair's efforts.

"However, I think most of us know that the reductions in the expense of government called for in this bill ultimately are not and will not be enough. As a result, we are unable to offer the tax relief necessary to provide economic revitalization, and thus continue the long-term funding of even core functions of government, without an offsetting general excise tax increase, which is counterproductive to both. If I can state that in reverse, economic revitalization, and thus our very ability to pay for core functions of government over the long-term, requires income tax relief without an offsetting general excise tax increase, and this budget doesn't allow for that.

"In the area of solutions, I want to face, realistically, unemotionally, and without avoidance, the one area of state government expense which is of the most concern, and which this budget and the Finance Chair have already begun to address, and that is state government personnel costs. I say what I say now very bluntly and directly, especially to my constituents who are public employees: continued State employment levels at anything close to those existing today, especially given our obligation to meet the compelling needs so well articulated by my rowmates, the Chairs of Health and Human Services, will require some personnel salary and benefit adjustments. Anyone who tells you differently is misleading you, and I won't do that.

"On this point, as we take this budget to the Senate, I ask the Finance Chair and my colleagues to note these three thoughts. First, please do not simply assume that salary adjustments are unconstitutional as we have been told; I've read the cases and it's not that simple. Second, please recognize that any such arguments apply only to ratified funded collective bargaining agreements, all of which expire in June 1999; they do not apply, if at all, after June 30, 1999. Third, please recognize that these

arguments only apply to state employees subject to collective bargaining agreements; there are many employees in State government not subject to those agreements.

"Thank you."

Representative Okamura then rose to speak in support of the measure, stating:

"Mr. Speaker, I also would like to commend Chairman Say and the rest of the Finance Committee, and especially the Chairman's outstanding staff, for crafting a very responsible, balanced budget.

"Mr. Speaker, I'm not going to go into any details of the budget. I think that has been articulated by many members. I just wanted to clarify a comment made by two members of the Minority regarding their diamond teams or the lack of use, on government's part, to utilize more private sector CEOs, etc. That is that we, in fact, have done that. One of the bills that's already passed this House is House Bill 2567, part of the ERTF's recommendation is looking at the duplication of government services. And this Task Force will have nine members all coming from the private sector.

"Also, several years ago or a couple of years ago, initiated in this body in fact by our very able Chair of the Economic Development and Business Concerns Committee, Representative Herkes, the Small Business Task Force on Government Relief was created. Again, all private sector individuals. And they have come up with their initial recommendations which include a lot of very, very beneficial ways to improve the regulatory process, and that bill also is going through regarding government efficiency and reorganization.

"The leadership of the House and the Senate have been in contact with us for and discussions with the Business Roundtable and other leaders in Hawaii. This issue, however, is very complex. And even these entities -- a lot of the large firms in our State -- when they go through their reorganizations, they have expended a lot of dollars and hired professional consultants to do that. In one of our discussions, when we did sit down with them, they looked at all of the numbers that our able Chair, in fact, shared a lot of the documents with them, and they couldn't themselves, looking at those documents, just make recommendations off hand.

"When you look at other states on the mainland that have gone through major reorganization efforts, they also hired private sector accounting firms and others to recommend this. So we are in the process of doing this, and I just wanted to clarify that. Thank you."

Representative Ward then rose and stated:

"Mr. Speaker, as a member of the Finance Committee, I feel compelled to speak on this budget and I feel compelled to vote 'no.'

"Mr. Speaker, this will be my last Third Reading budget speech. I think that's another reason why I feel compelled to say 'no' because there are three reasons why I am compelled to say 'no' on this budget. The first is, that it is definitionally flawed. Secondly, it is structurally flawed. Thirdly, it is politically flawed. Of course to the Chair, we owe much gratitude. Representative Say, you know I've spoken on this and you've not taken it personally and the same should be said for today. Even though I must say, Mr. Speaker, I've never heard the Majority so defensive in their speeches as they have been today. So my fellow Minority colleagues, we're getting something done here, as we bring into the marketplace of

ideas reasons and alternatives for doing things differently, better and for the change.

"Now first, in terms of a definitional flaw in this budget, the State budget is an expression of a strategy. Our State budget is an expression of a vision. This budget has no strategy, has no vision whatsoever. It's 'chopped liver.' It's the status quo. I have, for eight years, sat on this floor and I've almost heard this same budget speech year after year. And I'm as responsible as you because for every year we've told the people of Hawaii, just let us balance this budget like a checkbook. Our responsibility is more than just doing a balancing of a checkbook. We have to have a vision and a direction. We have to offer hope. We have to offer a financial plan that has growth, not just debits equal credits and credits equal debits. That's what I see and technically I think it's a good job, but we are the leaders of this State, the financial managers of this State. We can and should do better.

"Mr. Speaker, what I keep hearing is the word 'fiscally responsible.' This budget is fiscally responsible. We don't want to lose people here. We don't want to lose people there. Just to remember, as my colleague Representative Fox said, 8 percent of the public works for the State government. Ninety-two percent of the public works for somebody else. In fact, if we throw all State, county, and federal workers together, that's 15 percent of the population. Mr. Speaker, 85 percent of the people don't rely upon the budget. So we're talking about 8 percent of the people for the sake of the 92 percent. What's this fixation with that 8 percent when the 92 percent are hurting? When the 92 percent out there are 'dying on the vine.' We have to enlarge our vision of this. We have to look at it other than just a technical fiscally responsible. Anybody can do a fiscally responsible thing the way that Peat Marwick can go into any business and do the debits and the credits as long as you have an audit trail. They can tell you the well-given general accounting principles that are acceptable. Which, Mr. Speaker, leads me to point number two.

"This budget is structurally flawed. You can't create a budget on a government which has no system of measurement. We have no system of measurement in this place. So when we say that the Department of Accounting and General Services is doing exactly what it's supposed to do, and we can say yes it's doing that. We have no way of measuring that the Department of Transportation is doing exactly what it's supposed to do because I think it was two days ago, Marion Higa, the Legislative Auditor, says they don't even have a bookkeeping system by which we can measure, if we had measurements, what they're supposed to do.

"On top of that structural flaw of having no measurement, we still have a system of accrual. It's all on a cash basis the way you and I would deal with cash out of our pockets. This is big business -- \$12 billion per biennium -- and we don't even have a system. We know where our money goes and what our obligations are in the future.

"This is not to point blame. This is to say structurally we've got to change how we do business, how we keep track of our business. That's what the appeal and the plea is. Representative Say is, under that structure, compelled to do it the way he's doing it.

"Which leads me to the third process and for eight years, Mr. Speaker, which I have pleaded for but have never been heard, is that the political flaw of this budget process is that it is a closed system, that the budget process is secretive, that the budget process does not let other than maybe a few people know what's going on.

We who sit on the budget process here are told that we belong to the very powerful financial committee, there's a lot of status with that. But in terms of knowing the numbers and knowing specificity, it's 'the blind leading the blind' the way that the Chair gave his analogy of pull on the tail and you see that it's a rope.

"The system that I have suggested over the last eight years is that we get subcommittees to watch over the departments -- legislative oversight. The Legislature, by the Constitution, is supposed to watch the money coming in and out of the government. Mr. Speaker, there's 17 members of Finance. There are two or three subcommittees, not one dealing with a department. Because department chairs paired up with the Finance Committee could do a tremendous job of having all of us, who want to see what's really going on in our government, participate in being a part of that.

"So if it's definitionally flawed, structurally flawed, and politically flawed, Mr. Speaker, I'm left to conclude one thing. This budget fits the criteria of what, and I quote from the famous quotation from Alice in Wonderland: 'If you don't know where you're going, any road will get you there.' This budget will get us there because that's where we're going, Mr. Speaker. It's been for seven years and we're looking at the rail, and I quote my pastor in closing: 'You'll always be taken where your perspective is.' This is a myopic budget and a myopic perspective.

"Thank you, Mr. Speaker."

Representative Jones then rose to speak in support of the measure, stating:

"Mr. Speaker, House Bill 2500, House Draft 1, our budget bill, reflects a very austere budget for fiscal year 1998-99. The budget process that the Chair and Vice Chair and members of the Finance Committee went through to develop this budget was very open. It was shared, and it was equitable. All program members had the opportunity to testify and defend their budget during the process.

"Priorities were given for our educational system, our public safety programs, health programs, and a few other areas. Contrary to what was said in the paper, vertical cuts were made to eliminate programs. That we're not as important when compared, when you look at it program by program, when you compare them with each other, these programs that were eliminated may not have looked as important as others. But the vertical cuts were made, Mr. Speaker. Your Finance Committee should be praised on that. They had guts to do that. They did it because it was the right thing to do.

"Mr. Speaker, as Chair of the Agriculture Committee, our agriculture program took our share of the hits. The Department of Agriculture's budget, the General Fund portion, which is a big chunk of it, was reduced 16 percent. The budget was reduced from \$13.9 million to \$11.7 million. Staff was reduced from 313 positions to 254 positions. Basically because of revenue short-falls, these reductions had to be made.

"However, Mr. Speaker, this budget bill cannot be looked at in a vacuum. It must be reviewed in total terms. When you look at the total picture, this bill really has a lot of vision. For instance, in Agriculture we must look at other legislative bills that had agriculture appropriations in them, or was related to the budget bill that's before us today.

"When the the House passed several bills the other day that were partially financed by and through this budget bill that we have before us today, the bills that we passed

would have a tremendous impact on stimulating our diversified agriculture industry. Some of the bills, for instance, include the \$10 million for the purchase of the Waiahole Ditch. This will stimulate our economy on the Central Plains. Authorization to spend \$10 million in special purpose revenue bonds for the slaughterhouse in Ewa. This slaughterhouse is the only slaughterhouse we have on this island. It's a focal point of the fresh island pork industry. And if it goes down, we're talking about another major disaster. So this bill provides for that slaughterhouse.

"We're also transferring the funding for the Animal Quarantine Station which is reflected in this bill, from General Funds to Special Funds. The message is loud and clear that because of a lack of revenues, the Animal Quarantine Station will have to pay for itself. And that's reflected in this budget.

"We continue to provide research funds for our agriculture industry through the Hawaii Agriculture Research Center and through the University of Hawaii College of Tropical Agriculture. Those are reflected in this bill. So Mr. Speaker, when we look at the bill, when you look at this budget, it's really a visionary budget. It has compassion. We're trying as much as we can not to cut the health and education program. But it also has vision. We have enough substance in here to look ahead beyond the rails. We're not looking at the rails. So Mr. Speaker, because of these reasons, I urge our members to stand in strong support of this bill.

"Thank you, Mr. Speaker."

Representative Moses then rose and stated:

"Thank you, Mr. Speaker. I rise in support of this measure with the comments that I made on Second Reading and some additional comments and reservations.

"First of all, I'd like to address the Majority Leader who said that our recommendation for diamond teams all are being done. And I say to all of you that the purpose of the diamond teams would not be just to reexamine duplicative services, but also to look at how we can streamline, so we can provide more services better.

"Also, the Majority Floor Leader is correct in that our number of 3,000 was incorrect. First of all, let me tell you where the numbers came from. They came from DHRD in a written response in November of 1997. Actually the numbers are 4,000, not 3,000, 2,500 are without, it's an average, 2,500 average over five years, without considering UH, DOE, or the Judiciary. Now let me make it perfectly clear to everybody, we are not advocating any cuts in education, in the classroom or at the bench, we're just saying that many people leave every year.

"Mr. Speaker, I'd like to commend the Chair of Finance, the members of Finance, and all the fine staff. We've had a very difficult time, and I commend you for going in the right direction. That is why I'm voting up on this budget.

"But my concern is along the lines of that addressed by several of our chairs today, by the Chair of Judiciary, by the Chair of Health, and by the Chair of Human Services. If we don't adjust our government, so that we make the government more efficient, we won't have a government that can provide those services demanded by the taxpayers: such as education, schools, public safety, and health and human services.

"Mr. Speaker, we should not attempt to do it all. But what we do, we must do well. The people not only

demand it, the people deserve it. Thank you, Mr. Speaker."

Representative Lee then rose to speak in support of the measure, stating:

"As the Advertiser editorial this morning states: 'It is terribly painful to wipe out programs and positions that have been part of the established scene for years. But it is absolutely critical if the State is ever going to adapt to the needs and demands of the millennium.'

"However, some established programs and positions deserve preservation not only for their symbolic nature.

"Eliminating the Commission on the Status of Women would be a tragic mistake. Look around you and what do you see -- 8 out of 51!

"Look around any board room in the State, count the number of female CEOs in island businesses. Take a good look at the equity in women's athletics. Next, look at who is living in poverty. Look at who are the victims of domestic violence.

"The answer to this question is obvious. Women's welfare and women's rights are still very much at risk in this State. I urge us to reconsider the elimination of the Commission on the Status of Women. Its small cost is more than justified by its enormous significance to the women and the men of our State.

"Thank you, Mr. Speaker."

Representative Thielen then rose to speak in support of the measure with reservations, stating:

"I recognize that it's a fluid document. It will be going to the Senate. They will make modifications that will go into conference committee. Then a final version will come before us to vote upon.

"The concern that I have, that I want to express today is found on page 11 of the Committee Report. The budget for the Department of Education is being reduced by 3.52 percent primarily in accordance with the budget that was approved by the Board of Education. There is a provision in the Committee Report that strongly urges the Department and the Board of Education to keep the K-2 ratio at 21 to 1. The reality of what will happen if the Board of Education goes ahead with its plan is that there'll be an average of 27 plus students in grades K-2, and another teacher position won't be allocated until the kindergarten, first, or second classes reach 40 children in a class. That just doesn't make sense.

"We've heard a lot from the Human Services Chairman, and I was very moved by his remarks. I think a lot of the problem that the Human Services Chair faces can be stopped if we give a decent education to our children. Those of us who have children in public schools know that it is practically impossible to teach if you have 39 students in a kindergarten, first, or second grade. Those are critical years for those children. It's those years where we stop problems from commencing.

"I don't think it's responsible for us to send out a budget, ultimately, that would give the Board of Education the opportunity to change that class ratio. I'm a grandmother, Mr. Speaker. I don't know if you are a grandfather, but I'm a grandmother with a child..."

The Chair remarked: "I'm too young to be a grandfather. Please proceed."

Representative Thielen continued, stating:

"I'm a grandmother with a child in public school -- kindergarten -- and my daughter volunteers in that classroom once a week on a regular basis because she recognizes, even under the present ratio, it's very difficult for the teacher to give the individual attention that is needed by those youngsters. And with that individual attention, we're going to prevent many of those problems that Chairman Arakaki has to deal with.

"We've all quoted Pastor Cordeiro, and he certainly has had an impact upon us today. I hope he will know that and someone will tell him. He's saying, always look out of the turn. Our Chair of Human Services is really saying that at this social policy that we create. I think our social policy must be that we are going to afford our youngsters an education where it won't be baby-sitting, but where they'll have the opportunity to learn. It's not enough to say in the Committee Report that we implore the Board of Education to find other areas to reduce. That's almost like passing the buck and saying: 'gee, we tried, guys.' We have to do more than that for our children.

"Thank you, Mr. Speaker."

Representative Halford then rose and stated:

"I rise to explain my 'no' vote on this current version of the budget with comments spoken and comments inserted in the Journal," and the Chair "so ordered."

"We are almost midway through the session. I am still hopeful that this Legislature will alter its direction with constructive change to government philosophy and to government spending.

"This budget is balanced by increasing the pervasive and regressive general excise tax with its appended tax increase on essential food and medicine. This is just one example that shows clearly that this body has not yet arrived at comprehending a smaller government, a better government, and a responsible government that Hawaii's future needs."

Representative McDermott then rose speak against the measure, stating:

"First of all, I appreciate the hard work that Representative Say and his Committee has done, but I have to be consistent and vote on principle. I think we can still do a better job. I don't think it goes far enough.

"I heard a member, a Majority member, say we cut 1.8 percent out of the operating budget -- 1.8 percent. Is 1.8 percent a meaningful cut? Can we look at the working families of Hawaii and say, we really tightened it up, we really took some bold measures, we cut it by 1.8 percent? That's really bold. I don't think we used a knife to cut this budget. I think we used a dull toenail clipper, Mr. Speaker. We can do better. We need to go back to the drawing board and do it for the working families of Hawaii because that's who sent us here and that's who is paying our salary. Thank you."

The Chair responded: "Just for the record, I believe it was the Minority Leader that said it was 1.8 percent."

Representative Suzuki then rose to speak in support of the measure, stating:

"I'd like to incorporate the words of the Representative from Manoa as if they were my own and offer more comments in support of this bill," and the Chair "so ordered." (By reference only)

"As the Minority has pointed out, we must reduce government and find efficiency. This view was clearly expounded by the Chair of Finance, Calvin Say. The conduct of the Finance Committee was framed with a critical concern for the out years in developing the budget before us. Without downward expenditure adjustments contained in the budget and the separate measures mentioned by the Chair of Finance, we will certainly meet the financial disaster of almost 3/4 billion dollars deficit in our financial plan by the year 2003.

"While we have a constitutional requirement to pass a balanced budget, that requirement does not apply to periods beyond this budget, to periods beyond June 30, 1999. In spite of this lack of requirement, this bill continues the move towards further reducing our State budget, especially in the areas of our General Fund fixed costs which continue on a growth rate well in excess of our General Fund revenues, we have experienced and projected by the Council on Revenues.

"The items in this bill and in other measures with financial impact that are connected to this bill will slow the rate of growth in conformity with the revenue projections. But this will not be enough, Mr. Speaker. We will need a lot more significant measures that will complement the action taken by Finance in this bill. We need to look at our so-called fixed costs in government related to personnel compensation, staffing and efficiency, and the whole area of the fringe benefits package. This one particular area alone of our fixed costs represents a major portion of our General Fund budget that continues to grow at a percentage rate momentum much larger than our revenue growth percentage.

"Thank you, Mr. Speaker."

Representative Meyer then rose to speak in support of the measure with reservations, stating:

"First, I want to say I feel it's a privilege to serve on the Finance Committee. I have the greatest Aloha for the Chair and the Vice Chair. Both of them show such tremendous holding power. The Vice Chair will sit in there for absolutely hours on end, never be upset in any way, looks like a fashion plate, and treats all the testifiers with the utmost respect. They are a marvel.

"Their staff are so hospitable, serve up some of the most wonderful food when we're there for very long hours, and treat the Minority very even-handedly; in fact, make us feel so very welcome. And it is a privilege, as I said.

"The story about the elephant could not be more on the mark. I feel that I'm a fairly intelligent person, but I feel like I am both blind and deaf many times while I'm in that Committee Room. Just about the time you think you've got a hold on the tail and you know it's a tail, it turns around and you've got a hold of the leg, and you are lost. This is a real problem because this budget document, as you can see, is over 500 pages, and it is truly an elephant, and something hard to really get a total grasp of. And if this budget document is an elephant, the whole government with all its departments is a woolly mammoth of just unbelievable size. And this is something that I think we all wrestle with.

"We all have certain programs that we believe in strongly. It just pains me to no end to see the Peer Education Program on the chopping block. I have worked with people that are involved in that program. I've seen the wonderful work that it does. The effect that those young people then have on other young people, there's nothing more effective than peer pressure. And

when it's positive peer pressure, there's no amount of money that could recreate it.

"You've all heard me carry on about the purchase of the Waiahole Ditch, which I feel is just a crazy thing to be doing at this time. The management of that at \$550,000 would pay for the Peer Program to continue. Another program that this budget is going to eliminate is the Aquaculture Development. I had a bill in, which was never heard, which would have added more money to that program because this is a program that assists people that are in the business of raising tropical fish and other aquaculture food fish. The ornamental fish business is a billion dollar business. It is growing here ever slowly, but with some support it has the potential to really explode and we are, with one stroke here, eliminating the support system that helps that very viable business.

"When I say that I feel blind and deaf, I'm confused at conflicting things that I hear. Today we heard the Chair of Agriculture say that ag has been cut. According to some summary figures I have here, the budget has increased it by \$1.4 million and it's a 6.1 percent increase. In the Finance Committee, we hear that we are cutting 129 positions. Is somebody taking my sand and playing games with it in a moat? One hundred twenty-nine positions will be cut and yet, in looking at the positions cut and the positions added, we are actually up by 126.5 positions. It's kind of like the argument they had on the federal level where the Democrats cried at how much the Republicans were going to cut from the projected increase that was never there.

"The Governor's budget increased positions by 469. His revised budget cut that by 370, but we were still up by 99. Then we added some more and we were up by 126 positions. I realize how hard everybody has worked here and I'm sure there are people in the staff that could straighten out this discrepancy, and I will hear about it I'm sure. I realize also that the budget is a work in progress. A reduction of \$120 million in General Funds is a move in the right direction. I know that many things will happen between now and May 5th. I will continue to try to keep my eyes open and hopefully have those wonderful feelings once in a while of feeling the tail and looking at it and it is a tail. And so those are those ahas that make it all worthwhile.

"Thank you, Mr. Speaker."

Representative Jones, in rebuttal, stated:

"When we mentioned the 16 percent cut in the Department of Agriculture's budget, we're referring to the General Fund portion which is where the deficits are at. When I mentioned that we should look at the total rather than just the budget document, we have bills that are going through the system that we're addressing the Aquaculture Program. So we're trying to keep it alive although in the restructuring of the Department of Agriculture, we have provisions in there for the Aquaculture Program and the Agri-Development Corporation Program. These are real pro-active agencies that I agree should be continued, and we have provisions to continue them, but not in the budget bill.

"As I say, we need to look at the total picture to get a feeling of the vision that's in this bill. There is a vision, and we are addressing these issues. Thank you, Mr. Speaker."

Representative White then rose to speak in support of the measure, stating:

"I would like the comments of Representatives Case and Suzuki entered in the Journal as if they were my own,

and the Chair "so ordered." (By reference only.) And I would like to add a few more additional comments.

"Mr. Speaker, I'm in awe as well of the Chair and Vice Chair of Finance for their patience, their support, and I disagree with the Minority when they say there is no vision in this measure. The vision is provided in a number of ways with spending money on visitor promotion at a level that has not been achieved before. I think that's going to have a considerable impact on our ability to fund the programs that Representative Santiago and others have mentioned.

"As we have gone through this process, it's been a very inclusive one, and I would submit that the product that is here before you is not one developed out of secret meetings and secret processes and hiding of information because the process that we have gone through is quite open. The Minority's positions have been listened to and many of them have been incorporated in this budget. And so I think this is a document that is fluid, and I hope that there are further changes to it as we go through this process.

"I would like to point out that there's some very exciting things in the Committee Report and in parts of this budget. Getting back to the subject matter that was addressed by Representatives Case and Suzuki, we are at the point now where we have got to make sure that we are running this organization for our customers more than we are for employees. And I say that as a manager of a hotel that takes very, very good care of its employees, because they are the heart of our operation. They are where the robber meets the road for our business.

"That being said, we have to take very seriously the level of compensation combined with the level of benefits that our State employees are currently enjoying. Not just the overall total amount because I see in the Committee Report we are suspending, potentially suspending, \$70 million in collective bargaining costs. I'm heartened by that because it's a message to our union partners that we've got to go forward together. We can't do it without them, but we've got to do it in such a way that's affordable with respect to the commitments that we've got in the community long into the future.

"Just to put a few numbers before you to add to some of the points that Representative Suzuki made, I'd just like to share with you that the Health Fund, in 1998, this is just for retirees because, as you know, we discussed a measure that would change the way the retirees' Health Fund is handled. I'd just like to share this perspective with you. In 1998, we spent \$24 million on the Health Fund. The tax levels that we were collecting then, if you take the income tax and the excise tax paid by households it required to pay the retirees health fund, are 15,700 taxpayers. By this past year the cost had grown to \$89.8 million, and even with a \$500 per taxpayer increase in payments, it now takes 45,600 taxpayers.

"Now for those of you who are in Finance and heard the discussions by the ERS members who did not want the Health Fund wrapped into the ERS, I took the testimony that they provided which I took the lowest inflation factor that they had and that was at 6 percent. At 6 percent inflation, I took this out to 2012 because that's when they say the 'baby boomers' are going to start and that will increase the number of beneficiaries receiving health care benefits as retirees from approximately 21,000 to 45,000 then. The cost in 2012 is going to be \$487 million. If you increase the taxes at the rate they're increasing now and you increase the number of taxpayers at the current rate, we will need 174,000 taxpayers just to cover retirees' health care. That means it would have grown from 2.8 percent of our budget to 12.5 percent of our budget.

"Now I have to ask, how much of that is going to come from General Assistance? How much of it is going to come from other programs that we're talking about sustaining cuts today? Employment costs have got to be controlled if they are growing at a rate that exceeds the rate of growth in our revenues.

"If I were to be asked about what are some other issues that we feel the union needs to come to the table and assist us with, I would point to the reduction in force methods that allow people, when their position is eliminated, to take their salary with them and go to a much lower paying position and do possibly far less work, and probably it's just as important in that area, but nevertheless they're taking their salary with them. We had situations where a \$77,000 a year position has been cut."

At this point, Representative Menor yielded his time to Representative White.

Representative White thanked the Chair and continued, stating:

"That individual has taken his \$77,000 salary to a \$40,000 a year job. Is that equitable? Is that fair? I don't think so, but I'd like to think that the unions could come forward and say, this is something that we feel we can contribute to the betterment of our ability to cover costs in other areas of government. Quite frankly, I tend to feel that this kind of a process, if allowed to go on, can only be referred to as a 'rip off.'

"In another area, I know that there are members of both parties that are concerned about changing the rules in the middle of the game like we were discussing with the Health Fund. As I've pointed out, the Health Fund is going to cost us a considerable amount of money if we don't change the rules a bit. In addition to that, I'd like to at least throw a thought out for you all to consider, and that is what would we save by simply asking the question about moving the retirement age which is currently 55 where life expectancy is 75 to 79? What if we were to move that from 55 to 65 years of age? I could argue that that's not a reduction in benefits, it is not allowed by Constitution, but I would argue that if we did that the ERS would be fully funded right now. Do we have the political will to do that? I see that political will developing.

"I think that the important thing to understand is that we can either sit here and say 'no', that's a protected benefit, or we can say 'yes', instead of paying \$614 million to the ERS in the next five years, those monies would be available either for tax cuts or for covering so many programs that we've so far considered cutting. That \$614 million represents what we would need to pay in if the growth rate of their market is 10 percent. If their market growth is 8 percent, we would be paying for more than that five-year period. We'd be paying for another eight years and the total would be \$1.1 billion. So I think this process is fluid.

"I think the Chairman has taken some outstanding stances and will continue to do so. He can't do it alone. We can't leave the burden solely on his shoulders. We've all got to help him and I think it's incumbent upon all of us to assist by coming up with some ideas that are either going to save money or cut cost. I know many of you are not shy. So I look forward to the remainder of session, and thank you for listening to my thoughts."

Representative Tarnas then rose to speak in support of the measure with reservations, stating:

"You know with all the talk of the Aquaculture Development Program and fishes in the air, your Ocean Committee Chair gets a little more excited.

"I just wanted to mention that I don't like getting rid of the Aquaculture Development Program. I'm speaking in favor of the measure with some reservations, but I want to make a clear point here. One of the great things that the Aquaculture Development Program does is it helps to guide potential businesses through the permitting maze in the State. So I think if we're looking at reducing programs that help businesses, what we really need to focus on is we need to reduce the regulatory barriers to business in this State. We are doing that through other measures. But I want our members here to be aware, Mr. Speaker, that in order to protect our environment and have sustainable economic development in the future, we don't need to have all of this regulatory mess that we have now.

"We should seek for better efficiency in government. I think that's certainly possible and we are moving in that direction. And with the loss of ADP, we should have, on the other hand, an improved regulatory process so the businesses don't need to have one arm of government walking them through the maze that another part of government has created.

"Thank you, Mr. Speaker."

Representative Ahu Isa then rose to speak in support of the bill, stating:

"First I want to say I have the highest regard, respect, and admiration for my Chair of Finance. If I have done anything or share otherwise, I ask for his forgiveness today.

"I stand in awe at the way he and his financial analysts prepare and draft a very complex document. Now I also stand in awe at my colleagues who vote 'no' on this precious document. The blind leading the blind? As one of my colleagues put it. No, Mr. Speaker, I think it's the critical blind that is continually having to hang on to the tail of this mammoth creature and refusing to feel the entire animal.

"This is a precious infant document that we have in our hands right now, and it's the beginning of something. I ask that my colleagues all vote up on it. Thank you, Mr. Speaker."

Representative Kawanakoa then rose on a point of personal privilege, stating:

"Thank you, Mr. Speaker. A little earlier today the good Representative from the North Shore pointed out that I stated in the final hours of the marathon session we had on Tuesday. . .

The Chair interrupted Representative Kawanakoa, stating:

"Representative, recess, so we can explain the point of personal privilege to you."

At 2:20 o'clock p.m., the Chair declared a recess, subject to the call of the Chair.

The House of Representatives reconvened at 2:22 o'clock p.m.

Representative Kawanakoa continued, stating:

"Thank you, Mr. Speaker. As I was finishing, in the wee hours of that marathon session, I did say, 'but if you

can't make the changes, then please get out of the way.' I'm very encouraged with the debate and the discussion we've had today, now that the Majority wants to lock arms and walk together to take the corrective actions to save our islands economy, and we agree.

"We want to make government smaller and better. Seven diamond teams, use the CEO's expertise to make business changes and to find savings through better management skills, and three heart teams so we can best deal with human crisis we are now facing and to get the most out of our limited resources, Mr. Speaker.

"For the sake of our islands, for the sake of our people, for the sake of our future generations, Mr. Speaker, we can do it. Thank you."

Representative Morita rose in support of the measure and asked that her comments be inserted into the Journal, and the Chair "so ordered."

Representative Morita's remarks are as follows:

"Mr Speaker, I rise in support of the measure. However, I am concerned about certain programs slated for elimination by vertical cuts. I appreciate the hard work and diligence of the Chair, members, and staff of the Finance Committee, but I sincerely believe that tax reform and budget consideration must be addressed as long term commitments rather than being addressed budget to budget. While I understand the constitutional constraints of being confined to biennium budgeting, other areas that have successfully addressed financial and economic crises looked towards long range planning and a responsibility to such.

"First, I wholeheartedly agree with the remarks by my colleague from Mililani-Waipio with regard to the Commission on the Status of Women and wish to incorporate her statement on that program elimination as my own. (By reference only.)

"Secondly, I believe a well structured, long term commitment towards economic diversification is needed to stimulate and revitalize Hawaii's economy. Programs such as the High Technology Development Corporation and Aquaculture Development Program will play important roles in Hawaii's future economic diversification. Unfortunately, with such program cuts we are sending a mixed message as to the uncertain future of those types of industries in the State of Hawaii.

"It will be the role of government to set the foundation to attract new types of business to Hawaii. Our climatic conditions, clean air and water will be conducive to such growth industries as agriculture and marine biotechnology which incorporate these programs. The continuance or even restructuring of the programs mentioned must be considered in providing a decisive message that those type of industries have an important role in the economic future of Hawaii.

"Hawaii's unique culture and environment are the key components to a strong vital economy. The elimination or consolidation of the Office of Environmental Quality Control is counter-productive given the importance placed on culture and environment in Hawaii's present driving economic force, tourism and in attracting future industries. Clean air and water are so important to quality of life issues, which in turn are important factors that continue to make Hawaii a desirable place to visit, live, and work. We should never forget that Hawaii is an island state with limited resources.

"Again, I would like to emphasize that economic diversification will be a pro-active step to increasing our

tax revenue base and the economic viability of Hawaii's future."

Representative Takai rose in support of the measure and asked that his comments be inserted into the Journal, and the Chair "so ordered."

Representative Takai's remarks are as follows:

"Mr Speaker, I speak in support of this bill with a few comments of concern. I truly appreciate the Finance Committee's efforts to meet the huge budget shortfall, however, I feel very strongly that G-fund cuts to some of the programs under the jurisdiction of the Committee on Culture and Arts will have some severe consequences.

"When the Chair of the Finance Committee requested a reduction of eight percent from my original budget of \$3,822,173, I made my recommendations to cut AGS881 to \$1,676,815 (from \$1,962,193) and to cut UH881 to \$478,655 (from \$499,051). My recommendations cut the budget by \$305,774 (or by eight percent)

"I appreciate the Chair's recommendation to accept my cuts to the UH Aquarium's budget and I accept the additional cuts to the State Foundation on Culture and Arts from my recommended \$1,676,815 to \$1,616,508 (an additional reduction of \$60,307 or a total reduction of nearly 18 percent).

However, I am very concerned about the additional cuts to Hawaii Public Television. My recommended budget was \$1,360,929. The budget bill reduces the G-fund appropriation to \$670,699. This is a reduction of \$690,230 or more than 50 percent!

Mr. Speaker, Don Robbs has told me that these cuts will devastate Hawaii Public Television. He wrote a letter, which I would like to insert into the Journal.

"This letter is to express our serious concerns with the contents of HB 2500, HD 1 and its potential impact on the Hawaii Public Broadcasting Authority (HPBA). Members of our Board of Directors and appropriate staff have had an opportunity to review and discuss the bill as it applies to HPBA and have concluded that it would profoundly and negatively impact our ability to operate and eventually become a community licensee.

"The proposal to reduce the general fund appropriation by 50 percent by moving personnel to the revolving fund would create an overwhelming burden on the latter fund. Adding more than \$1 million in annual costs to the revolving fund would quickly deplete balances brought forward. Our Board of Directors mandated, a number of years ago, that we maintain a one year operating reserve fund.

"For example, the June 30, 1997 revolving fund balance was \$4.4 million. This is because we fund raise and budget for the 12 months ahead. From this total, we set aside \$500,000 from the cable franchise income (at \$250,000 per year) for a digital planning fund. We will be required by the federal government to build a digital transmission system by 2003 at an initial cost of at least \$3-4 million, so cable franchise money has been earmarked for that project. Another \$187,000 will be used for technical upgrades and \$272,949 represents unearned revenue. This leaves a balance of \$3.5 million for the FY98 budget, which will actually total \$3.9 million, leaving a deficit of \$368,761 for the year.

"We are projecting \$3.6 million available for the FY99 budget, based on actual and projected revenues. If an additional \$1 million-plus is added to costs, we will have a serious deficit, which can only be

accommodated only by reducing staff and eliminating such important programs as Dialog and Spectrum Hawaii. We would, in effect, no longer be capable of producing local programs, either for KHET or our clients.

'Hawaii Public Television, in its strategic plan presented to the 1997 State Legislature, included a five-year critical path, which will lead to a redefined relationship with the State of Hawaii. We remain committed to the goals of that plan, including becoming a community licensee in FY03.

'We continue to take an aggressive posture in fund raising, despite the soft local economy...Recognizing our future role, we understand that increased community fundraising is essential.

'Finally, we are working with our commercial television counterparts in researching possible transmission for the new digital system we must have on the air within five years, at a minimum starting cost of \$3-4 million.

'In other words, we continue to move at an accelerated pace toward that future day when Hawaii Public Television will no longer receive State general funding. All we ask for is time, time to prepare ourselves for independence. It would be tragic to be denied the opportunity to reach our goal.'

"Mr. Speaker, I am extremely concerned about the impact of the more than 50 percent reduction of general fund support that this bill will have on Hawaii Public Television. Unfortunately, Mr Robbs' letter did not stress enough the possibility that Hawaii Public Television would cease to exist as we now know it. I implore the members of the Finance Committee and the House of Representatives to seek other alternatives to make up the budget shortfall.

"Finally, Mr. Speaker, I wholeheartedly support the proviso in the budget, which specifically addresses undergraduate education at the University of Hawaii (page 86, Section 7 (54)). This proviso requires that undergraduate programs be considered a top priority as the University grapples with decisions on where and what to cut in its budget.

"In addition, I appreciate the wording of the Standing Committee Report as it pertains to the teacher to student ratio in the Department of Education.

"Mr. Speaker, I can appreciate the huge task ahead. I just hope that we can restore some of the funds cut from an already lean budget for Hawaii Public Television. Thank you, Mr. Speaker."

Representative Kahikina rose in support of the measure with reservations and asked that his comments be inserted into the Journal, and the Chair "so ordered."

Representative Kahikina's remarks are as follows:

"Mr. Speaker, I want to register my support of the measure with reservations. While all of us know that the State is in need to stimulate its economy, we have given the biggest personal income tax break with 25 percent for the first two years and 30 percent the third year and on. That, I believe, is the kind of action needed to stimulate the economy.

"We have cut into government spending, cutting programs that I believe to be essential programs for the poor and needy. If we should cut any more, we will definitely see more cost to the State than the projected savings. People ask why can't we cut government any

further? Well, I want those who want to cut more to come up with the suggestions and advocate for those cuts, instead of hiding behind the scene and hope for the Committee on Finance to do the dirty work.

"No one wants to raise taxes! I for one don't. But let's be real, we are mandated by the State Constitution to balance the budget, and quite simply, we need to raise the tax to balance the budget in order to give the largest personal income tax break, and not cut more of the needed programs. My reservations are that while we try to explain the House position, we should be real and tell the public as it is. We need to raise the tax to balance the budget. Any tax increase to my understanding is not economic revitalization. So let's 'call a spade, a spade'!

"Programs such as Pre-natal Care, 0-3 Babies, Peer Education, General Assistance, homeless programs, and many others have been cut out of the budget, and it hurts! While I have reservations on the G.E. Tax. One idea that stands out is to raise the retirement age from 55 to 65 years old. I hope that we consider that idea. Thank you Mr. Speaker."

Representative Yonamine rose in support of the measure and asked that his comments be inserted into the Journal, and the Chair "so ordered."

Representative Yonamine's remarks are as follows:

"Mr. Speaker, I rise to urge all my colleagues to support the passage of HD 2500, HD1 and commend the Finance Committee's Chair, Representative Say; Vice Chair, Representative Kawakami; all Finance members, and the Committee's staff for their efforts in drafting the State's budget to manage Hawaii's fiscal deficits.

"Hawaii's economy has continued to weaken throughout the past seven years. Widespread loss of jobs and businesses has resulted in a decline of State revenues. Primarily, the general excise tax base has drastically shrunk due to a combination of the fall in tourism, a shift away from an agrarian economy, and the decline in Hawaii's construction industry. The bleak economic forecast from the Council on Revenues makes it clear the Legislature must act quickly to uplift Hawaii's lagging economy.

"The budget reflects our responsibility to be responsive to the needs of the majority of the public. Funding for programs vital to a prosperous State future, such educational and public health and safety programs, must be preserved. This bill strives to meet those ends. I urge my colleagues to proudly present this flexible document to the people of Hawaii. As we listen to the public, we can work together to bring about the best strategy for revitalizing the economy of our State."

Representative Cachola rose in support of the measure and asked that his comments be inserted into the Journal, and the Chair "so ordered."

Representative Cachola's remarks are as follows:

"I rise to speak in favor of House Bill 2500, House Draft 1. Mr. Speaker, I wish to state my strong support for this budget. The Finance Chair, members, and staff all deserve the highest commendation for an excellent job under very adverse circumstances.

"As the saying goes, 'You need to spend money to make money.' This budget helps to sustain revenue for the State in the future, revenue that will fund programs for health, human services, and education by spending money now on promotion and marketing to support our #1 industry, tourism. Without this, the Legislature will

almost certainly be faced with making deeper cuts every year.

"I offer my thanks to the Finance Chair for providing in the budget for funds for sports events and for the Miss Universe 1998 Pageant. Sports promotions generate an estimated return for the State of 20 times the initial investment.

"For the Miss Universe Pageant, the \$7 million total cost includes:

1. The \$3.3 million appropriation contained in this bill;
2. Almost \$4 million from the private sector, including the lead sponsor Hilton Hawaiian Village, and many other retailers, tourism companies, banks, and restaurants.

"Of the \$3.3 million, \$1 million will go to the Miss Universe Pageant and about 80 percent of the remainder will be spent locally for the costs related to the event. From our investment of \$3.3 million, we expect the following:

1. More than \$9 million in immediate, direct economic benefits;
2. Much more from additional visitors to Hawaii whose travel decisions were influenced by the pageant telecast;
3. Tremendous promotional value from the two-hour Miss Universe Pageant television program, estimated at \$100 million.

"In addition, this will be the premiere of the pageant under its new ownership, which includes CBS as a partner, ensuring that it will receive heavy promotion to boost its viewership.

"The climax of the pageant, the coronation, will take place in our brand-new convention center, and will enable Hawaii to more effectively promote the center as a venue for large events. With many of our economic revitalization efforts depending on the convention center, we must seize all opportunities for maximizing its success.

"These events help us to maintain our position in the intensely competitive tourism business, and will play a significant role in our efforts to rejuvenate our economy.

"I urge my colleagues to vote in favor of this bill.

The motion was put to vote by the Chair and carried, and H.B. No. 2500, HD 1, entitled: "A BILL FOR AN ACT RELATING TO THE STATE BUDGET," passed Third Reading by a vote of 47 ayes to 4 noes, with Representatives Halford, McDermott, Pendleton and Ward voting no.

The motion was put to vote by the Chair and carried, and H.B. No. 2710, HD 1, entitled: "A BILL FOR AN ACT RELATING TO THE JUDICIARY," passed Third Reading by a vote of 51 ayes.

The Chair directed the Clerk to note that H.B. Nos. 2500 and 2710 had passed Third Reading at 2:26 o'clock p.m.

H.B. 2710, HD 1:

Representative Tom rose to speak in support of the measure, stating:

"Mr. Speaker, in these difficult economic times, it is easy for us to lose sight of those issues which are most important to the quality of life which we enjoy in our beautiful island state. The importance of being able to go home after working two or three jobs and knowing that our homes will be safe and that our possessions will not have been stolen. The importance of knowing that our children will not be harmed when they go to school in the morning and come home in the afternoon. The importance of knowing that the beauty of Hawaii will be around for future generations.

"Fundamental to assuring the quality of life which we enjoy in Hawaii is a respect and appreciation for the laws which govern our State and provide protection for our citizens. The bill, which you see before you, is an effort at reminding our community that the enforcement of our laws through the judicial process is a significant and integral part of our lives. It also reminds us that if we are to continue to enjoy this quality of life, those institutions which help to protect us and all that we hold dear must be nurtured.

"As Judiciary Chair, on this budget, I'd like to thank Chairman Say, also I'd really like to thank my Vice Chair. Representative Yamane has been my eyes and ears and he's been wonderful. No one can ever say that I have a Vice Chairman like Vice Chair Yamane. I have a unique individual with me. I dream about him all the time.

"I also would like to acknowledge the commitment of Chief Justice Moon, the other justices and judges who have provided me and the members of my Committee, the Judiciary Committee, with information which has helped to make our deliberation more meaningful. Finally, a special 'mahalo' to the various Judiciary employees who work tirelessly to make sure that the wheels of justice continue to turn. I'd like to thank them.

"Members, as a point of information, on January 13, the Judiciary, on its own initiative, implemented a number of cost-saving measures. Then, on February 2, 1998, we received a letter from the Chief Justice of the Supreme Court of the State of Hawaii advising the Speaker, and I quote:

'After considerable discussion and deliberation, I have concluded that it is appropriate at this time for the Judiciary to withdraw approximately one-third of its FY 1999 supplemental budget request.'

"The Judiciary reduced its requested supplemental funding of \$1.618 million by \$508,704. Later, as the Finance Committee Report reflects, the Judiciary worked cooperatively with the Finance Committee in identifying further reductions to the Judiciary's budget in order to assist the State to address our economic crisis.

"We are grateful to the Judiciary for their willingness to respond in such a manner. Clearly, they realize that as a separate and co-equal branch of government, the Judiciary has a responsibility...no, a duty, to do their part to help to improve the State's economy. I am very pleased that they have stepped up to the plate.

"The budget which you see before you appropriates general funds of \$85,047,628 in fiscal year 1997-98 and \$85,102,847 in fiscal year 1998-99. As the Finance Committee report indicates, this budget actually represents \$1.9 million less in the 1998-99 fiscal year than was appropriated last session. These reductions involve restrictions in hiring, overtime payments, travel and training. In addition, general reductions to the Judiciary's operating expense and equipment accounts, as

well as reductions to purchase of service contracts, have also been made.

"Regrettably, none of the Judiciary's supplemental budget requests could be funded. On a more positive note, the Finance Committee, though, was successful in increasing the ceiling for disbursements from the Spouse and Child Abuse Special Fund by \$132,500. This fund will be used to support the need for additional spouse and child abuse counseling.

"Though we are made up of a number of islands, we are still one State. As a State, we need to make sure that all of our citizens and communities are provided the facilities which enhances the life of that community. A court building is more than just four walls and a roof. In communities throughout our nation, the courthouse continues to be a symbol of law and order."

At this point, Representative M. Oshiro yielded his time to Representative Tom.

Representative Tom continued, stating:

"The capital improvement portion of this bill is something of which we can all be proud. This bill includes repair and maintenance funds for buildings throughout the State. It also includes new construction funds. When I talk about symbols of law and order, please do not misunderstand me... I am not talking about 'palaces of justice', but rather, facilities which are free of termites...facilities which do not have leaky roofs...facilities which provide access to individuals who may need alternative accommodations...facilities which are safe, secure, and designed for efficiency. I believe that the projects included in this bill will accomplish these goals.

"Finally, Mr. Speaker, it is truly an honor for me to serve as Chair of the House Judiciary Committee because it provides me with an opportunity to make a difference. As I reflect back on the six years I have been the Chair of this Committee, I am most grateful for the support, encouragement, and ideas which each of you members of the House have given me, and especially to you, Mr. Speaker. This Judiciary budget is a tangible symbol of the commitment of our members to justice for all. Thank you."

At 2:33 o'clock p.m., the Chair declared a recess, subject to the call of the Chair.

The House of Representatives reconvened at 2:35 o'clock p.m.

The Chair then stated: "The Chair wishes to explain the error that was made. When the motion was made, it was for both bills -- HB 2500 and HB 2710. So when we called for the question and the question was made, it was for both bills -- HB 2500 and HB 2710. However, inadvertently, I allowed the Chair of Judiciary to speak and it was a wonderful speech and I couldn't cut him in between. So this is over already -- we have voted on HB 2500 and HB 2710. So we'll go on to the next order of business."

INTRODUCTION OF RESOLUTION

By unanimous consent, the following concurrent resolution (H.C.R. No. 75) was referred to Printing and further action was deferred:

H.C.R. No. 75, entitled: "HOUSE CONCURRENT RESOLUTION REQUESTING A STUDY EVALUATING THE FEASIBILITY AND ECONOMIC IMPACT OF

INCLUDING ACUPUNCTURE COVERAGE IN THE PERSONAL INJURY PROTECTION BENEFITS OF THE MOTOR VEHICLE INSURANCE LAW," was jointly offered by Representatives Lee, Santiago, Kahikina, Morita, Kawakami, Arakaki and Takamine.

ANNOUNCEMENT

At this time, Representative Takamine was permitted a late introduction and he introduced to the members of the House a group of students from the Big Island with their coordinator, Ms. Brant, and chaperones.

ADJOURNMENT

At 2:38 o'clock p.m., on motion by Representative M. Oshiro, seconded by Representative Marumoto and carried, the House of Representatives adjourned until 12:00 o'clock noon tomorrow, Friday, March 13, 1998. (Representatives Hiraki, Menor, Meyer, Pendleton, Thielen and Yoshinaga were excused.)